



**A STUDY OF THE WORKING OF EMPLOYEES'
STATE INSURANCE CORPORATION AND ITS
IMPACT ON SOCIAL SECURITY IN INDIA**

ABSTRACT

T H E S I S

SUBMITTED FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy

IN

COMMERCE

BY

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Under the Supervision of

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ALIGARH (INDIA)**

2001

ABSTRACT

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Introduction :

Social Security has a Special Significance because of the pervasive role of mobility in facilitating other objectives needed for Socio-economic development and fruitful results for nation's prosperity and advancement.

Social Security is a necessary ingredient in every walk of life for economic and social development. This inspired me to take and delve into the works of eminent authors and scholars to propound a research programme on "A Study of the working of Employees' State Insurance Corporation and its impact on Social Security in India".

Objectives :

The research programme has been undertaken keeping in view the following objectives and ideas:

1. To assess the working and the role of Employees' State Insurance Corporation in the country with Special

emphasis on Social Security measures to the Industrial workers.

2. To examine the existing machinery of the Employees' State Insurance Corporation and to suggest proposals for making it more effective and efficient in the country.
3. To bring out impact on Social Security in India on the part of employee, employer and Socio-economic environment for industrial harmony.
4. To analyse the historical background of Social Security with Special reference to industrial workers and to find out to whether Employees' State Insurance Scheme has made any difference to workers' health and care.
5. To give realistic measures and suggest ways and means to bring about industrial harmony through income security and health care of workers and to promote human dignity and values in Industrial atmosphere.
6. To contrast the measures of Social Security in pre-independence era with the Employees' State Insurance

Scheme prevailing in the Post-independence era in the country.

7. To identify the main reasons which were responsible for the introduction of ESI Scheme in India, to maintain industrial Labour relations and productivity on some reasonable hights.
8. To point out Social, economic and political factors which influences on Labour population in regards to their health and future Security by the ESI Scheme.

Brief Description of the Study :

The study is divided into six Chapters. The first Chapter is dealt with the economics of Social Security Schemes and compares the views in detail for the whole philosophy of Social Security, its valuable pervasive for the well-being of the nation as a whole.

The need of Social Security in the interest of Socio-economic advancement in the country has in depth a study on rationale of social Security Schemes. The Second Chapter

which studies a series of economic factors, Social need, political, profound and psychological significance. The researcher makes some points of reference to ingredients of Social Security Scheme in India with Special emphasis on passing Employees' State Insurance Act 1948 in the country.

India is a big and developing country with a thick population in the world. The need of industrial relations and harmony is undergoing very fast in dealing with Social Security integrated programmes and various such schemes. The third chapter of the study is earmarked for analysis of the evolution of Employees' State Insurance Scheme in the country.

To find out the working of the Employees' State Insurance Corporation and the administrative Set-up of the Corporation a detailed statistical data is presented and analysed in the fourth chapter.

The Study makes certain reasonable impacts on Social Security in India to uphold sound industrial environment in the fifth Chapter.

The last Chapter brings out the Conclusions, Suggestions and proposals to accelerate the ESI Scheme more effective in order to fulfil desirability of beneficiaries.

Findings :

Past experience of other countries and rapid industrial development owned by them gave birth to Social Security System in the world as well as in India. The continuous approaches evolved the introduction of ESI Scheme in the country in the year 1952 to remove Social and Economic grievances of industrial workers. The scheme was the first Step towards the welfare and an integrated Social Security measure for Industrial workers in India.

The present study analyses critically the Social Security in general and the working of the ESIC in particular, to assess what are the Social and economic reasons on the basis of which the Social Security can be suggested as a measure to boost industrial development in the country. Further, it has been probed in the study that Social Security Schemes have the Scope and the basic need of Socio-economic advancement.

Through the Planning era in India makes a history by adopting ESI Scheme for a sobering effect on social security in dealing with the Industrial harmony and development. However, the serious efforts developed the workers income security and health care with their entire satisfaction and need of the hour.

In order to develop workers' Socio-economic conditions the ESIS came into existence with the passing of ESI Act, 1948. ESI Corporation has established 640 regional Centres for providing benefits to the workers and their families through out the country as per ESIC Annual Report 1997-98.

The present work analytically evaluates the working of ESIC. The study of the working of the ESIC has been made since the ESIS implemented in the year 1952 in general and from the year 1970 to 1998 in particular. In this connection the researcher has used available Statistics which has been classified into different tables and graphs etc.

The working of ESI Corporation shows a satisfactory performance, but due to certain shortcoming in the Scheme,

some necessary and required suggestions are recommended to strengthen the ESI Scheme and the measures for effective and Smooth functioning of the ESI Corporation has also undertaken carefully.

Social Security makes a lot of difference to healthy industrial environment and it is revealed by the in-depth study of the working of the ESI Corporation and its impact on Social Security in the country.

This study shows that there is a positive coordination among the ESIS, the workers and industrial harmony. There has been a marked improvement in the progress and coverage of the ESIC. Working efficiency and organizational behavior, productivity, national incomes have also been shown best results in the county.

Thus, it is concluded that on the adaptation of social Security measures the ESIS can be re-energise more effectively for the betterment of concerned community and the area of coverage for the industrial peace and harmony at large.

The study has clearly inferred that the Strategy as made above the industrial labour population can look forward and establish an era of mass industrial growth and humans' prosperity for right perspective and fruitful results in the years to come.

Suggestions :

In this study it is suggested that the benefits provided to the workers should be raised in number and the workers other than the organised Sector should be included under the ESI Scheme to create a homely, healthy and peaceful industrial environment in the country.

Social Security is considered as a wise instrument of Labour relations, the role of the Scheme under study should be justified by means of more and more coverage of labour population with their entire satisfaction in every walk of life. This is however, to provide minimum standard of living to the workers of all categories.

The study suggests a strategy for slight modifications in the ESI Act to simplify the procedure of providing benefits

to the beneficiaries and this must be considered on priority basis.

The other proposals for seeking better deal with the State Governments, employees and employers organizations, workers trade Unions and the agencies other than governmental level must be well aware about their coordinative efforts. To equip and to re-energise the ESI Scheme in well spirit and upto the mark of a welfare state in industrial sector are worthy to be considered in well scientific manner covering the whole country. The benefits provided to the workers and their families should be raised in number keeping in view their social, cultural, educational and economic upliftment in the society. Simplification in disbursement of claims should however, be adopted as has been suggested in this study.

Finally all suggestions and proposals set a Strategy to be followed to evolve workers' prosperity and Industrial peace for an over all development in the country.

The study made in this thesis also suggests if a separate Ministry only for workers health and care at the centre

is established, the Ministry may have separate departments to evolve fuller Social Security programmes for Industrial workers in India. Through the adoption of such a strategy the ESIC can have a good deal with our industrial workers to their entire Satisfaction and global Standards.

On the basis of the guidelines and the Strategy proposed above the whole Industrial labour population may emerge to attain a new Social Security era with Industrial harmony and peace for the new millennium.



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TO WHOM IT MAY CONCERN

This is to certify that the Ph.D. thesis entitled "A study of the working of Employees' State Insurance Corporation and its impact on Social Security in India" Submitted by Mr. Nabi Ahmad has been Completed under my Supervision. To the best of my knowledge, this thesis is his original work and is suitable for submission for the award of Ph.D. in Commerce.


(Dr. Sibghatullah Farooqi)
Research Supervisor

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PRE-VIEW OF THE THESIS

Social Security is a dynamic concept, its measures are of great significance to the country for the Socio-economic benefits, gains and developments. It is also important for industrial productivity, which ultimately benefits the developmental progress of a country like India. The efficiency can also be achieved with the right approaches of social security system in a country. Since the beginning of Industrial revolution in the world the concept of social security was given a serious attention for the implementation of social security measures. But in the pre industrial revolution era the measures of social security were at a very low ebb, which could not be forced in most of the countries in the world. The reason; for its slow implications and meditation were mainly financial crunch and lack of natural resources. The movement first started in Germany and a legislation was passed in the year 1883 to grant old age security to working class. The early decades of twentieth century brought the Social Security movement as a landmark in the realm of social security in the world.

The need of a planned Social security was brought into consideration by Several Countries to a great extent, to avoid industrial hazards and also to provide better standard of living of labour and to achieve proper growth and development of industries as well as better atmosphere in the world.

In India the actual planning to launch social security scheme for industrial workers was brought into notice and adopted particularly after the Second World War. The ESI Act, 1948 was passed by the Government of India which provides medical treatment and care, cash allowance during sickness, maternity leave, and employment injury benefits as an income security to the dependents of a worker in case of death under employment injury. The ESI Act amendment from time to time also provide funeral benefit to the surviving member or the person who actually incurred the relevant expenditures on funeral of a worker. The ESI Act is being implemented all over India and now it covers maximum area of the country.

Through the passing of EIS Act 1948 the Employees' State Insurance Scheme (ESIS) was implemented in the year

1952. Since the inception of the ESIS the industrial workers are being benefited for their socio-economic development and industrial growth and harmony. The ESIS is run by the Employees' State Insurance Corporation (ESIC) which is the supreme body assisted by standing committee and Medical Benefit council grants Social security measures for the well-being of our industrial workers and a step forward to socio-economic development in the country as a whole.

The present study is comprised of six Chapters in all. The Chapter First deals with the economics of Social Security Schemes and discussed in detail the whole philosophy of Social Security so as to determine its Valuable role in the Well-being of masses in general and labour population in particular. The concept of Social Security and its implications on the basis of Social assistance and social insurance have been chosen for computing the effectiveness in industrial harmony and nation's prosperity at large. The discussion has made it clear that economic thoughts and approaches for social and industrial welfare are the Universal phenomenon in this modern age of global industrial perspectives which can yield better results and

removing the problems of workers with regards to their health and income security.

The experience shows that social security schemes had have achieved their purpose in the matter of successful implementation normally in all developed and developing countries of the world.

The chapter second refers to the rationale of social Security schemes in India, leading to the facts of emergence, historical background and need of the scheme in the country. A reference has also been highlighted with regards to economic, social, political and psychological significance of Social Security measures towards a perspective planning of the scheme in India. The chapter under question includes the ingredients of Social Security Schemes discussing the workmen's compensation scheme, the Employees' Provident Fund Scheme, the Maternity Benefit Scheme, the payment of Gratuity Scheme and lastly the role of Employees' State Insurance Scheme which offers attractive and need based Insurance Benefits to the low paid workers in a organized

sector that includes health insurance and income security to the Industrial workers and their dependents. The study in this chapter has also covered the Organizational Structure of the Social Security Schemes, their ways and means depending upon resources, conditions and circumstances of the masses and communities have also been discussed. A brief discussion has been emphasized on the progress of Social Security Schemes and their gradual developments in order to highlight the spirit of Employees' State Insurance Scheme. The last paragraphs of chapter second reveal the general problems of Social Security Schemes and their Consequences in India.

The third Chapter discusses the evolution of Employees' State Insurance Scheme, its historical background, need, objectives and implementation in the country. The study in this chapter also includes the evolution of ESI Act 1948, its provisions and scope in Indian economy. The factors mentioned above have been discussed in a detailed way to evaluate the real importance and characteristics of the ESI Act 1948.

The fourth Chapter which is on the working of Employees' State Insurance Corporation has its two folds. The First fold of this chapter is theoretical discussing the administrative set-up of the ESIC in detail. The discussion on the part of administrative set-up has covered the whole machinery of its administrative bodies and their constitutional compositions and power together with the duties of officials. The discussion has also made available on the financial processing, contribution procedures and the purposes of utilization of funds in this chapter. The last paragraphs in this first part of this Chapter has discussed the progressive approach and coverage of the scheme since the emergence of the ESI scheme in the country.

The Second fold of Chapter Fourth includes the presentation of Statistical data meant for the working of ESIC in various fields of its coverage and implementation in India. In this chapter various tables compiled form the data related to the period from 1970 to 1998 and analysed the working of ESIC. In order to evaluate the working of ESIC, it would be necessary to know about the progress and coverage of various

aspects. This is evaluated to know the position of the ESI Scheme in the country. The various tables given in this chapter would however, strengthen the fact and can give an idea about the progress and working of the ESIC, which have been discussed in absolute terms. It can therefore, be concluded that the overall performance of ESIC has been satisfactory during the study period.

The Chapter fifth of this thesis has been chosen to show the real impact of the working of ESIC on Social Security in India. The discussion in this chapter includes certain indications of a reasonable impact on the topics of comprehensive beneficiary scheme, integrated benefits, employers' benefits, industrial relations benefits, standard of living benefits and economic and managerial benefits. The analysis given in the chapter fourth has emphasised the main concern over the ESIS and its benefits and their effects on beneficiaries. The study in this chapter indicated the positive effects on an average socio-economic development in India. The statistical data evaluated the impact of ESIC to elicit the increasing trend of workers covered under the scheme and

compared various tables pertaining to indicate the working of ESIC.

Finally in chapter Sixth the findings have been discussed in the form of conclusions drawn from different chapters of this thesis and in this chapter fruitful suggestions and proposals have been given to make further strengthening of the ESIS and to evolve effectiveness in the working of ESIC resulting in further more Socio-economic reforms in India in the new millennium.

SURVEY OF LITERATURE ON SOCIAL SECURITY

The concept of social security is an extension of the Indian joint family system as it prevailed in India for centuries. It will be more correct to say that joint family system was the basis of human civilization and it was spread the world over specially after Renaissance. In the Western Society this concept was given a concrete shape and it was in the last quarter of Nineteenth Century a legislation was passed in Germany providing for Sickness insurance, in 1884 workmen's compensation insurance, for old age and invalidity insurance in

1889 and unemployment insurance was started in 1925. The British Labour Movement is the outcome of Industrial Revolution during the last quarter of the eighteenth century and the early decades of the nineteenth century. Passing of Social Security Act in 1935, by the United States and in 1938 by New Zealand have also experienced the need of Social Security. The Beveridge Report on Social insurances and Allied Services which was published in Great Britain in the year 1942, was another milestone in the mainstream of development of social security movement. The Beveridge Report on social insurances and Allied Services was the necessary plan for post-war reconstruction of the economy. Social Security has been accepted as an essential instrument of Social policy framed for the workers' welfare and humans' settlement all over the world. Thus, in India social security for the workers have been aimed at mainly to meet the minimum requirements of them having specific income group. Further, the social security measures taken by the Government will raise the standard of living of the workers in particular and the population in general.

Social Security is a major part of public policy to solve material problems of a community or a class. The ideology of Social Security measures was brought out to meet the challenges of this modern age of globalization. Social Security may be regarded as an instrument of economic development. An all round development can be achieved if a proper Social Security measures are adopted for the industrial workers in particular and the masses in general.

A number of eminent authors and writers have accepted that social security will play a dominating role in establishing socio-economic reforms in the country to a great extent.

Professor zweig says "By Social Security is meant full employment at fair wages, i.e., wages sufficient to support family life at a traditional standard".

Professor Allan G.B. Fisher describes "Those measures of insurance, health, unemployment and old age which are now part of the social organization of most modern states, designed to protect individuals who have lost their assured positions".

According to J.S. Clark Social Security includes "Community planning, community responsibility, community standard of citizens "duties and citizens" rights".

Lord Beveridge defines Social Security as an "attack on five giants viz., wants, disease, ignorance, Squalor and idleness". Social Security measures are so exhaustive that under the Beveridge Plan cover all hazards originating from cradle to grave. The Beveridge plan is a massive reconstruction and unification of the Social insurance services.

According to the Sylva M. Gelber "Social Security programmes, which evolved from the poor laws of an earlier age into the comprehensive system encompassing social assistance, social insurance and health care that we know today, appear to be remarkably rigid in the face of rapid social change.

Richardson, J.H. says "the essential purpose of Social Security is to ensure by collective action that the member of a community shall be protected against undue hardship and privation and also provided with health services when their

own resources are insufficient to maintain them and their dependents at a standard recognized by the community as the minimum below which no one should fall".

Richardson, J.H., further defines "the effects of Social security on productivity depend mainly on the influence of transfer on incentives, savings, efficiency and mobility of Labour".

According to V.V. Giri "the advent of independence and attempts at economic planning have made citizen look forward to social and economic improvement in his life time".

In the words of N. Hasan "Social Security can be directly used as a device to curb the economic slums to a great extent".

The authors and economists have defined social security according to their respective countries economic conditions and environment. In this context Trade Unions, cooperative Societies, political organizations are said, the three pillars of working class movement and their settlement through a net work of providing them adequate social security

measures. It is probably right to say that planning for Social security forms a part of Socio-economic development in the country.

However, Social Security is as old as society itself. The Industrial Revolution brought the Social Security measures with the mainstream of the developmental programmes for the working class for their defence and protection. The progress of social security schemes in almost all the countries has been largely due to the interest and efforts of the International Labour Organization (ILO).

CHAPTER-I

CHAPTER-I

ECONOMICS OF SOCIAL SECURITY SCHEMES

INTRODUCTION:

Industrialization leads to economic development and a nation's prosperity and progress. It paves the way for the modernization of the country and better standards of living of the working people. An industrially advanced country is also an economically advanced one, when it is well developed in all sectors. Healthy industrialization requires steps to introduce labour welfare programmes. Each and every human being wants protection from womb to tomb and a status in the society. So workers also require protection in and out of the course of employment through the Institutions of social security schemes enacted by the government from time to time.

Labour is an important factor of production and has a key position in an industrial organisation. It is the only workers who are responsible for industrial production in a concern. Even an automatic machine cannot be handled without the help of labour force. Thus the worker should be provided protection

and other welfare facilities by the government and the employer, so that he may work willingly and efficiently. Steps for providing protection and welfare facilities to industrial workers either by the government or the employers will have a favorable effect on industrial productivity and harmony. This is possible only if the workers are satisfied and give full co-operation. It is very necessary that the work force should feel secure against various types of hazards involved in their work. A poor worker cannot afford huge expenses to protect himself and his family against risks and uncertainties. "A proper dovetailing is needed of social security techniques and the needs of economic development, which can only be achieved if planning of social security forms a part of planning for development".¹

Industrial revolution of the twentieth Century provided impetus to development in all the spheres of economy. Moreover, America Declaration of Independence and Adam Smith's wealth of Nation paved the way for the Doctrine of

1. Singh V. B., Saran, A. K., "Industrial Labour in India", Pub. Asia Publishing House, Bombay, 1960, p.86.

individual rights. This doctrine is based on the fact that the individual has certain inalienable rights, among which life, liberty, and property are basic ones. Within very broad limits he may freely exercise these rights; and any outside interference is unjust. This is an individualistic democratic ideal asserted by Smith, Jefferson and Rousseau. The industrial revolution emphasised the crucial importance of labour as a factor of production in different sectors. This shows that labour plays a key role in the production process whether it is agricultural or industrial. In brief, for the overall development of national economy, labour should be given due consideration.

At this stage it will be appropriate to consider the effect of the doctrine of natural rights on the improvement of the condition of workers. The conditions of the present age are different from those of the times of Adam Smith. The worker is unhappy in the present Work State, as modern technology has already displaced a large number of workers. It means technological innovations have reduced to number of labourers working in industries. Besides, there has been a dangerous

volcanic explosion in human population. These two Problems are generally faced by every worker and the nation as a whole.

In this situation workers are not satisfied and have many grievances. They demand natural and economic justice with regard to their basic needs of life. As far as the basic needs and requirements of the labourers are concerned there should be an adequate living wage policy to solve their problems. At the same time, other matters should also be attended to, such as their low wages, economic instability, miserable housing conditions, diseases, low standard of living, unsatisfactory working conditions etc. Before discussing the various social security schemes, it is essential to deal in brief with the economics of welfare in general and industrial welfare in particular so that the concept of social security may become clear.

SOCIAL AND INDUSTRIAL WELFARE

SOCIAL WELFARE :

The concept of welfare is related to the historical background, natural resources and conditions of a particular

region or community. That is why, there are several statutory provisions related to the welfare activities in respect of the requirements of particular industry, trade, community, region or country. Labour welfare or welfare alone may be considered a science like other sciences. As pointed out by the Royal Commission on Labour, the term 'welfare' as applied to the industrial workers, "is one, which must necessarily be elastic, bearing a some what different interpretation in one country from an other, according to the different social Customs, the degree of industrialization and the educational development of worker".²

A worker has many requirements for his living, the most important among which being his wages. The question of wage policy has a great importance to the worker, the employer and the government. Worker's earnings have a great significance, as they determine their standards of living. From the point of view of the employer also, wage policy has a great importance because wages constitute a high percentage of the

2. Report of the Royal Commission on Labour, p.261

cost of production. The demand for higher wages and better working conditions creates a number of problems. Industrial efficiency can be maintained if an employer is providing sufficient wages to his workers. The wage structure holds a key position in improving industrial efficiency. The government also takes part in settling the wage problem and provides rules and regulations to avoid disputes through the legislation regarding the minimum wages. Sufficient wages are necessary to keep workers satisfied, which ultimately results in the economic development of a country.

Other requirements of the workers may be their health, protection from industrial hazards and welfare amenities. The worker is provided various benefits by the employer, which are granted through the implementation of welfare programmes. These programmes include social security, insurance, health care, medical care, provident fund, pension, gratuity, higher-wages, reasonable hours of work, leave and other benefits through which a worker can be fully satisfied and employer may get maximum return. There is no doubt that welfare has a direct relationship with economic development. Welfare of the

workers to maintain economic stability is the only tool to overcome economic distress. In every inquiry there may be certain objectives either light bearing or fruit bearing. The aspect of inquiry that widens the vision, thinking and the power of deduction is termed theoretical and light bearing while its practical aspect is fruit bearing.

Welfare is totally a fruit-bearing factor in every sector and field like social, cultural, industrial educational etc. The proper and adequate application of welfare programmes in these fields may increase economic efficiency and mutual co-operation between the groups of people in general and the individuals in particular.

Here an attempt has been made to analyse welfare programmes, which are helpful in economic development of a country. So, the processing of welfare measures particularly in industrial sector is for the betterment of industrial organisations to cope with the industrial upliftment of the country, "non-economic welfare is liable to be modified by the

manner to which income is earned. For the surroundings of work react upon the quality of life".³

Welfare is considered as a powerful instrument with the sole aim of greater efficiency at minimum cost. It is a factor which is conducive to making the workers perform their tasks with greater interest in a healthy and peaceful atmosphere. In fact, the economics of welfare programmes has been defined in different ways. Some economists regard them as a means of making workers more efficient in their work while others say that they are also intended to make the worker healthy. In the modern industrial life welfare is considered as a factor which contributes to co-operation between the workers and the management. To maintain prosperity and economic advancement in a country certain steps to gear up welfare measures are essential. It is due to this that welfare programmes are powerful tools for harmonious industrial relations. Countries which provide welfare programmes to their workers are more technologically advanced than those not

3. Pigou, A. C., "The Economics of Welfare", Macmillan & Co., London, 1961, Chapter I, p.14.

doing so. Here a question arises as to what is the impact of welfare facilities to the nation in general and to the worker in particular. Welfare facilities help in maintaining and improving the standard of living of a nation as a whole, and bringing efficiency in the work force, satisfactory earnings, technological advancement and rise in per capita income.

The purpose of welfare services is to serve the people, to solve their problems, and to reduce the hardships of life. Industrial welfare is an important component of social welfare programmes. In the industrial sector the only aim of welfare programmes is to improve living conditions and to adjust the changing demands of industrial society according to the need of the worker and his family. "The Collaboration of the family member not only economises expenses, but sweetens Labour, Culture and refinement come easily to the artisan through his work amidst his kith and kin".⁴ An adequate welfare programme must also make the worker and his family to realise the part

4. Pigou, A. C., "The Economics of Welfare", Macmillan & Co., London, 1961, Chapter I, p.15.

they have to play in the social and economic life of the community and to play that part properly in all respects.

INDUSTRIAL WELFARE :

Industrial welfare means to save the labour force from the hazards and insecurities and their protection from these in and out of their employment. This is to be provided by the employer to the workers with an economic motive like better standard of living of workers and for raising industrial production leading to the economic as well as social advancement of the country as a whole. In the words of Paul Chu "industrial welfare refers to measures for promoting the physical and general well-being of people working in factories and other undertakings of industrial life".⁵ Protective measures by the employer and mutual understanding through the welfare measures are the only means of maintaining industrial harmony. Unless the industrial workers are happy in their work and health, they can not be good producers and cooperators.

5. CHU, Paul, the modern approach to industrial welfare, International Labour Review, Vol. 135, No. 3-4, I.L.O., Geneva, 1996, p.372.

“Since the two world wars the development of the techniques of work organization and personnel management have drawn more and more attention to the concept of industrial welfare as a means of increasing the efficiency, output and well-being of the workers”.⁶ It has been realised that there should be mutual understanding and cooperation between the worker and the employer to yield a satisfactory return.

Industry itself is a social service dedicated to the community and shared by labour and management. This indicates that measures to protect health, safety and well-being of workers are of vital importance. Indeed, the aim of industrial undertakings should be to serve the nations and the specific objective of welfare measures is to solve the economic and non-economic problems of the workers.

Apart from the economic side, the welfare provisions are worthy of consideration from the moral, social and humanitarian points of view. Thus, industrial welfare comprises all welfare amenities, which may effect the working and living conditions of workers and their families in one way or the

6. CHU, Paul, the modern approach to industrial welfare, International Labour Review, Vol. 135, No. 3-4, I.L.O., Geneva, 1996, p.374.

other. The scope of welfare activities is actually wide as it covers a lot of monetary as well as non-monetary aids to the workers like bonus, provident fund, gratuity, leave with pay, recreational amenities, free children education, Training to workers, protection of health and life through provisions prescribed in the various state legislations.

Welfare measures are pre-requisites for achieving the economic and social development of a country. It is intended to protect industrial workers and grant them welfare facilities so that they may strive for more and better production, it is a recognised fact that labour, being a most important factor of production, may have positive or negative effect, as the case may be, on the performance of an industry. For the sake of getting fruitful returns, several welfare provisions are made available to workers. Jevons observes that "in every works there are a thousand opportunities where the workman can either benefit or injure the establishment, and could he really be made to feel his interests identical with those of his employers, there can be no doubt that the profits of the trade

could be greatly increased in many cases".⁷ To make industrial workers efficient, welfare amenities are the best means as they help in creating a sense of responsibility and willingness to work more effectively.

In a general sense welfare measures are taken with the aim of solving the material problems faced by the workers. The measures adopted for industrial welfare are meant for the improvement in workers' standard of living. This may affect the social and economic life of a society. But from the industrialists' point of view the industries may get more production by means of granting physical protection and meeting the social needs of the workers with the help of industrial welfare schemes. The concept of industrial welfare is of great importance. It is meant for a healthy industrialisation in the country, which is the only sign of economic progress and a nation's prosperity. Indeed, an individual worker himself cannot alone meet many situations and problems. Workers engaged in manufacturing industrial goods are protected and

7. Pigou, A. C., "The Economics of Welfare", Macmillan & Co., London, 1961, p.476.

benefited by their employers' own contributions as well as by the Government. This gives rise to the idea that economic progress can be achieved, if welfare provisions are made for the workers in a proper way.

The welfare schemes provided through a number of legislations covering different sort of uncertainties and problems of industrial labour have become a pivot around which all the industrial activities revolve. The Government of India took initiative to provide various welfare incentives to industrial workers through introducing several schemes. The social security schemes are the most significant ones as they create a sound industrial atmosphere through solving various economic as well as non-economic problems of industrial workers. These schemes are managed and controlled under the provisions of the respective legislations. The motive behind these legislations is to reduce risks faced by industrial workers and to achieve industrial progress. In this context it would be relevant to discuss the concept of social security, its definition, its brief history and principles, so as to determine the economics of social security schemes.

SOCIAL SECUTRIY :

Social security is meant for protection and help by the society through its appropriate organizations, to its members when they are exposed to risks like sickness, unemployment, accident, old age, and poverty. The state exists for the general well-being of the people and to promote social security measures to the citizen during their sufferings. Social security legislations regarding their organisations are of great importance to restore need of the hour. It is not possible for an individual to overcome the above mentioned unfortunate events alone. Social security is one of the aspects of welfare. It has its own characteristics and is considered as an essential programme in all developed and under developing countries. It is an agency for granting various benefits to the workers and the individuals of different categories against a number of hazards arising out of natural, social, industrial and economic causes, while welfare programmes in the olden days were on confined to poor relief. Social security programmes for the welfare of workers leads towards mass development in areas of

diseases, poverty and unemployment in particular and the nation's prosperity in general.

Social security has been playing a significant role in promoting industrial efficiency and workers standard of living. There are two methods of providing social security benefits, one is called as Social Insurance and the other one is known as Social Assistance. Both methods are moving closer to one another and applied depending upon economic, social, political and natural factors to achieve better results of Socio-economic development in a country. The role of both the methods constitute an important step towards the goal of welfare state for the whole population in general and improving workers Socio-economic conditions in particular.

At this stage it would not be out of place to give some historical back-ground of the social security movements.

BRIEF HISTORY :

Social Security movement first started in Germany, and legislation was passed in the year 1883, which provided for old age Social Security Schemes for the working class. Apart of

this, a number of other Social Security Schemes were designed and implemented in different countries for the welfare of factory workers.

In the early decades of the 20th century serious attention was given to promote social security programme as an important factor for solving the problems of the working people. Early thirties was a crucial period in world's economic history. "No one could live through the depression year of the 1930's without recognising the need for comprehensive programmes of social security".⁸

During this depression millions of workers lost their jobs and the period of the Great Depression compelled for comprehensive Social Security measures to the British Government providing unemployment insurance. In the United States also during the said depression about sixteen million workers were rendered unemployed. "This led to the adoption of the New Deal Social Security Act, 1935, which with amendments, brought into being the old age, survivors, and

8. Richardson, J. H., "Economic and Financial Aspect of Social Security", (An International Survey), Allen and Unwin Ltd. London, 1960, p.9.

Disability Insurance programme, laid a foundation for unemployment insurance and allowed for federal grants-in-aid to states for assistance to the aged, dependent children and the blind and for the development of measures to help disabled persons".⁹

Similarly in Australia comprehensive social security programmes were prepared in the year 1938. New Zealand also instituted a Social Security Act in 1938. In 1946 United Kingdom launched a Social Security programmes and comprehensive measures were taken to solve the problems of the people at large.

"The joint family system was the old Indian method of Social Security. If a member became unable to earn money due to his old age or some other natural disability, it was the responsibility of the family to maintain him and give him some facilities that were enjoyed by any other member of the family. The family consists of a group of mutually related persons i.e. mother, father, brothers, sister, husband and wife. A member of

9. Richardson, J. H., "Economic and Financial Aspect of Social Security", (An International Survey), Allen and Unwin Ltd. London, 1960, p.9.

the joint family shared the benefit in respect of food, abode, religious performances etc.”.¹⁰

Social Security was based on poor relief system in the past. This arrangement was made by religious institution and the village community. These institutions used to help the people. However, people were not satisfied with this system. Usually they were provided help in solving food and clothing problems only. Later, many other problems cropped up like sickness, risks protection and safety. These problems could not be tackled by the poor relief system.

“Social Welfare activities in the country find their inspiration in the Indian constitution which postulates the goal of a welfare state. *Article 38 of the constitution* enjoins that the state shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic and political shall inform all the institutions of the national life. The constitution also enjoins the state to ensure that ‘the health and strength of workers, men and women, and the tender age of children are

10. Misra, S. P., ‘Labour Problems in Ancient Medieval India’ Patna, 1961, p.75.

not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age and strength', and that 'childhood and youth are protected against exploitation and against moral and material abandonment'.¹¹

Social Security is a major part of public policy, today it is as a scheme to meet material problems of workers. It serves as an essential function of welfare state. Social security is a vital programme for the industrial worker just to prepare them efficient and free from any risks involved in their lives. In a sense, social security is a positive help granted to the people by the society.

The Industrial workers themselves realise the importance of social security and want to get these facilities through their organizations in which they are engaged in the process of manufacturing industrial goods.

DEFINITION OF SOCIAL SECURITY :

Social security is one of the dynamic concepts of the modern age, which is considered in all the developing and

11. India 1982, Ministry of Information and Broadcasting, Government of India, New Delhi, p.112.

developed countries of the world as an important and essential National Programme to remove poverty, unemployment and disease. Particularly social security schemes have been considered essential for the industrial workers because of the lack of security and other matters that they have to face.

A number of economists have defined social security according to their respective countries' economic conditions and environment. Defining the term social security professor Zweig says "By social security is meant full employment at fair wages, i.e., wages sufficient to support family life at a traditional standard".¹²

The above definition refers to the maintenance of full employment and adequate wages. These ideas have great importance for the workers of a society. Professor Allan G. B. Fisher says that social security refers to "those measures of insurance, health, unemployment and old age, which are now part of the social organisation of most modern states, designed to protect individuals who have lost their assured positions".¹³

12. F. Zweig, *the Planning of Free Societies*, London, 1942, p.71.

13. A. G. B. Fisher, *Economic Progress and Social Security*, London, 1945, p. 27.

In this definition professor Fisher lays more emphasis on economic growth. This shows that social security assistance is of in built nature and safeguards the interests of workers.

According to J. S. Clark, Social Security includes "community planning, community responsibility, community standard of citizens' duties and citizens' rights".¹⁴

Social Security, in the words of Lord Beverage is an "attack on five giants viz., wants, disease, ignorance, squalor and idleness".¹⁵ According to him social security is a way of providing protection to the members of a society in their contingencies and unnecessary burden on an individual who has small resources. "The characteristic feature of these contingencies is that they imperial the ability of the worker to support himself and his dependents in health and decency. Since the state is an association of citizens and is the custodian of the interests of all its inhabitants, it is a proper function of the state to protect the workmen from these contingencies,

14. Mongia, J. N., 'Readings in Indian Labour and Social Welfare, Delhi, 1977, p.353.

15. Ibid.

provide and promote social security".¹⁶ Besides, International Labour Organisation (ILO) has also laid emphasis on the effectiveness of the social security measures to be provided to industrial workers. The Philadelphia Convention of the ILO held in 1944 directed that all social security measures should endeavor to provide curative and preventive medical care, income security in case of involuntary loss of income and grant of additional income to workers having dependents. It further observed that "to enjoy social security one must have confidence, that the benefit will be available when required and in order to obtain security, the protection must be adequate in quality and quantity".¹⁷

The ILO has defined social security as "the security that society furnishes through appropriate organisation against certain risks to which its members are exposed. The risks are essentially contingencies against which the individual of small means can not effectively provide by his own ability or foresight alone or even in private combination with his fellows.

16. Mongia, J. N., 'Readings in Indian Labour and Social Welfare, Delhi, 1977, p.353.

17. Ibid.

It is characteristic of those contingencies that they imperil the ability of the working man to support himself and his dependents in health and decency”.

“In England, social security measures are so exhaustive that under the Beveridge Plan they cover all hazards originating from ‘cradle to grave’. The Beveridge Plan is, “a massive reconstruction and unification of the social insurance services, the purpose of which is to bring every man and woman in the country into a comprehensive scheme which would provide them, when unemployed, ill, aged or widowed, with incomes at a rate adequate for maintenance, and which would provide special grants on occasions of marriage, maternity and burial. The outstanding object of the Beveridge Plan is to provide as far as possible a unified system of income maintenance to cover needs arising from a variety of causes. Accordingly, instead of setting out to lay down a number of different rates of benefits, Sir William has based his plan on a

uniform rates, which can then supplemented or varied to meet special cases".¹⁸

Social security should be considered a wise investment towards human prosperity and a country's economic advancement. The absence of social security measures particularly for workers by itself creates impediments to economic development and industrialization. Measures of social security for human prosperity are of three main categories, viz., Compensation, Restoration and Prevention. B. P. Adarkar defines "Compensation goes to income security and is based upon the idea that during spells of risks, the individuals and his family should not be subjected to a double calamity, involving both destitution and loss of health, lives, life or work. Restoration implies cure of the sick and the invalid, re-employment and rehabilitation, and is in some ways, an extension of the earlier concepts of the functions of social security. prevention is designed to avoid the loss of productive capacity due to sickness, unemployment or invalidity and to

18. Idgunji, Manohar, R., "Social Insurance and India", Pub. Thacker & Co., Bombay, 1948, pp.310-11.

render the available resources which are used up by avoidable disease and idleness and thus increase the material, intellectual and moral well-being of the community”.

In the light of the above, it is clear that social security is the fundamental task of a Government for building up national prosperity. Social security organisations can play more effective role if they provide such schemes to the workers as are helpful in economic cooperation and stability.

In view of this long discussion the researcher has come to a conclusion that social security is a physical, realistic and positive assistance to workers for contingencies like sickness, disablement, unemployment, old age etc., through appropriate organisations. In this connection it is necessary to point out that social security is the only medium through which an industrial society can achieve the goal of higher productivity. As far as higher productivity is concerned, it can be achieved by means of providing facilities to the workers in their needs and contingencies and simultaneously giving them protection in accordance with the rules and regulations of social security schemes framed by the government for the

purpose. At this stage, it would be necessary to discuss the principles of social security in order to prove its significance.

PRINCIPLES AND APPROACHES OF SOCIAL SECURITY :

For the formulation of an adequate social security schemes two main approaches are followed. They are 'Social Insurance' and 'Social Assistance' :

SOCIAL INSURANCE :

According to Lord Beveridge, Social Insurance is the "giving in return for contributions, benefits upto subsistence level, as of right and without means tests, so that the individuals may build freely upon it."¹⁹ In this way, social insurance is a principle under which workers must also contribute towards a fund arranged under the law, along with their respective employers and the Government. The fund which is contributory is utilized in case of uncertainties faced by the workers. The need for social insurance is of great importance because the working and living conditions of the Industrial workers are far from satisfactory lines. A proper

19. Agarwal, A. N., "Insurance in India", Allahabad, 1960 p.19.

system of social insurance is the only way to overcome the unhappy situations.

Social insurance can be said a full guarantee of working people with the rightful approach of entitlement of incentives to them. There is, however, a further point to be mentioned that social insurance is an income security of working people who have registered themselves in their appropriate organisations and contribute towards a mutual fund to cope with their contingencies of such nature as laid down in the provisions of the legislations for the purpose. Therefore, "income security be organised as far as possible on the basis of compulsory social insurance, whereby insured persons fulfilling prescribed qualifying conditions are entitled, in consideration of the contributions, to benefit payable at rates and in contingencies, defined by law".²⁰ Similarly, "Income Security Schemes should relieve want and prevent destitution by restoring, up to a reasonable level, income which is lost by reason of inability to work (including old age) or to obtain

20. International Labour Conventions and Recommendations 1919-1981, I.L.O. Geneva, 1982, p.518.

remunerative work or by reason of the death of a bread winner".²¹ This reveals that social insurance is an approach through which the beneficiaries are granted benefits during their contingencies. "Social insurance has received such universal recognition as a vital means of material, social and human progress that it has been translated into practice in all advanced countries and it is only proper that India learns from these countries and benefits by their experience".²²

Social insurance can be said a system of compulsory contribution made by the workers, the employers and the state. The fund collected by them is utilized to meet the circumstances of unemployment, old age and sickness etc. The prime aim to accelerate the social insurance is to maintain minimum standard of living of the working people covered under it. In other words, insurance, the Encyclopedia Britannica says, is the practical device by which civilized man protects himself against the contingencies of life.²³ So far we

21. International Labour Conventions and Recommendations 1919-1981, I.L.O Geneva, 1982, p.518.

22. Agarwala, A. N., "Insurance in India", Allahabad, 1960, p.401.

23. Idgunji, Manohar, R., "Social Insurance and India", Pub. Thacker & Co., Bombay, 1948, p.1.

have taken account of social insurance and therefore, to clear the concept of social security it would be right to discuss the social assistance in the following paragraphs. Both, social insurance and social assistance are complementary to each other and help in country's economic reform to a great extent.

The following paragraphs will clear the concept of social assistance varying from social insurance and is a non-contributory scheme for the masses at large.

SOCIAL ASSISTANCE :

“The social assistance system had their origin in the old poor laws, passed in Great Britain for the first time in 1601 to replace voluntary charity. With the progress of civilization, state intervention in such public charity increased, resulting in better schemes and greater adequacy of assistance in quality and in quantity”.²⁴ Social insurance as a part of social security has its own characteristics, it has already been mentioned that social insurance and social assistance are complementary to

24. Idgunji, Manohar, R., "Social Insurance and India", Pub. Thacker & Co., Bombay, 1948, p.11.

each other and have the sole aim to benefit the masses while the methods for their application differ to each other.

In a sense, both systems or methods are the two eyes of social security which lead towards the economic reform of a country as a whole. Under the method of social assistance the benefits are extended by the State out of its own resources to the needy and deserving people of the society as a non-contributory relief. Social insurance may be classified into four schemes "old age and invalidity pensions, mothers' pension, unemployment assistance and medical assistance".²⁵ Similarly, "an-other form of social assistance is the provision for the rehabilitation of the disabled, e.g., education, training or sheltered employment of physically defective (children and adults) without means."²⁶ The beneficiaries under discussion have to fulfil certain prescribed conditions to be determined by applying a means test. Social assistance is provided out of public revenue to any needy community which is purely non-contributory in nature. The benefits are provided to the people

25. Idgunji, Manohar, R., "Social Insurance and India", Pub. Thacker & Co., Bombay, 1948, p.12.

26. Ibid.

to a certain limit in accordance with the rules and regulations laid down by the Government from time to time. The recipient can not claim such benefit as a matter of right. However, family allowances, which were initially as one of the social assistance measure, are now being granted as a matter of right.

In the present era social assistance as a part of social security is being considered a massive programme for the upliftment of the masses.

Thus, social insurance and social assistance are methods complementary to each other. Usually, persons who either do not qualify for social insurance benefits or whose needs are not fully met through it, may apply and are considered for granting of social assistance benefits. In this way, social security is a positive help to the members of a society. It is a contributory measure to remove the problems and worries of the society in general and industrial workers in particular. Social insurance and social assistance are two channels of social security through which the programmes of welfare are operated to benefit the community as a whole.

In brief, social insurance is a contributory mechanism for granting benefits to persons who contribute their resources to face any risk. The main features of social insurance are that there is a compulsory contribution by the members who will be granted benefits against certain risks as a matter of right, without any extra efforts for achieving the benefit.

Similarly, social assistance is also a method of social security under which benefits are provided to the poor and needy persons out of public revenues. The person is required to fulfil prescribed conditions for the grant of these benefits. An individual cannot demand such benefits as a matter of right, because in social assistance there is no compulsory contribution made by the persons concerned because social assistance is a general help by the Government.

On the basis of the two above mentioned methods of social security people may be grouped into categories. Both kinds of scheme are governed by rules and regulations framed by the Government in the national interest. The sole aim of social security schemes is to provide protection to persons

whose incomes are not adequate for a reasonable standard of living.

In nutshell, social security is of vital significance from the economic and social points of view. Social security measures create sound industrial relations for the economic prosperity of the country in general and the working masses in particular. The measures adopted under the social security give encouragement to workers to face physical and natural calamities and protection of their health and the members of their families as well. The economics of social security basically depends upon the creation of a sound industrial atmosphere, cooperation in between employers and the Government and enlightening the workers about their rights and duties. In brief, social security though, it is exclusively on economic pattern and has considerable social impact. So the coverage of social security has become much wider than in the past "as the twentieth century enters its last quarter, social security programmes, which evolved from the poor laws of an earlier age into the comprehensive systems encompassing social assistance, social insurance and health care that we know

today, appear to be remarkably rigid in the face of rapid social change".²⁷

To sum up, the discussion on economics of social security, it may be point out that social security helps the society through certain ways and means in their working, living and physical spheres of life. The following discussion will further clarify the concept and its various benefits.

Through the implementation of social security schemes every country whether developed or developing can maintain a reasonable standard of living of its people at large. Again, by providing facilities through these schemes the thinking and ideology of the people may be favourably affected if there is a proper application of social Security Schemes for their upliftment and so on. It is realised that social security schemes are the only instruments for removing the problems and worries of all sections of people. These schemes have direct relationship with the economic activities. For example, protection of people raises confidence in their minds and

27. GELBER, M. SYLVA, 'Social Security and Women: A Partisan View', *International Labour Review*; Vol. 112, No.6; Dec. 1975, p.431.

induces them to work whole-heartedly. This leads, to higher productivity, efficiency in work and raises standard of living accordingly.

Social security schemes are useful for maintaining international standard of organized industrial work force. Undoubtedly, social security schemes are at present playing a dominant role in promoting labour welfare with certain ends of social well-being. Through these scheme workers feel encouraged and realise their importance as the main factor of production in the process of industrialization.

Industrial workers are mainly responsible for earning a country's National Income though their own resources are too limited to meet different contingencies. Under these circumstances the workers need help both financial and non-financial and cooperation from their employers and the government in dealing with such contingencies. Workers need assistance and insurance to save them from number of hazards for economic, non-economic and biological contingencies. Social security schemes are an important and powerful

instrument of socio-economic modernization, through which higher productivity is possible in the industrial sector.

Thus, it is clear that social security is the only way through which industrial production and workers' protection can be maintained on sound lines. Furthermore, National Income of a country depends on industrial discipline and workers' efficiency. Hence a proper implementation of social security schemes can increase the country's National Income, as the social security schemes are universal phenomenon in this modern age of globalization.

CONCLUSION :

It was a general practice for many decades that the people were granted help by Relief Societies and other social Institutions. The Third World has also introduced new protective measures both for the workers and the community as a whole.

In the light of the above discussion it can be said that social security schemes are very important and powerful instruments of socio-economic justice and modernization.

Today the main task before the social security movement is to help workers and their families and make them strong and efficient in the performance of their duties so that better results could be obtained. The economic aspect of social security is to reduce risks and insecurities faced by the workers engaged in manufacturing industrial goods. It would not be out of place to say that industrial efficiency can be achieved by means of protecting and providing facilities to the labourers in their contingencies of sickness, disablement, maternity etc. The relevant question is as how far these schemes are meaningful and are being run on proper lines? To answer this question it has been mentioned in the foregoing paragraphs that social security is an important tool for social progress and industrial peace. The evolution of social security schemes has resulted in rapid development in industrial technology and workers' standard of living. They are steady contributing to the country's economic modernization and philanthropical works. It has also been mentioned that social security is based on two methods, 'Social Insurance' and 'Social Assistance' the scope of the first one is confined to the industrial workers while the

second one is a simple type of assistance out of public revenue to the general public of the country according to their needs and requirements during floods, drought, famine and other emergencies which an individual is unable to face on his own.

Social security schemes can result in economic cooperation and collective action by the people for industrial progress and prosperity. "The essential purpose of social security is to ensure by collective action that the members of a community shall be protected against undue hardship and privation, and also provided with health services when their own resources are insufficient to maintain them and their dependents at a standard recognised by the community as the minimum below which no one should fall".²⁸ Though the schemes are being implemented all over the world and has resulted in increased production and lasting industrial peace through social justice and human's prosperity the schemes face a few social and economic problems. Only insured industrial workers are granted benefits and are protected by means of

28. Richardson, J. H., 'Economic and Financial Aspect of Social Security (An International Survey)', London, 1960, Chapter III, p.36.

contributions. The question of contribution does not arise in the case of social assistance schemes where only very poor and needy persons are provided help and aided out of Government revenues. This aid and help is totally at the discretion of the authorities concerned. The persons engaged in sectors other than the industrial sector are somehow excluded from the social security scheme. Agricultural workers are not covered either by the social insurance schemes or by the social assistance schemes. They should also be covered and given adequate help and due consideration in their contingencies and requirements. The expenditure on social security schemes can be considered an investment in human settlement for an all round progress and prosperity.

However, in spite of a few drawbacks, social security schemes are playing a significant role in formulating and promoting essential objectives in regards to human dignity, social justice and economic progress. Almost all the developed and developing countries have introduced a system of social security. As mentioned above, in Germany compulsory insurance was introduced in the year 1883 for the working

class. Likewise social security schemes were adopted in U.S.A., U.S.S.R. and U.K. to meet the international demand for industrial goods by means of higher productivity and economic goals.

In India, Workmen's Compensation Act was passed in 1923 and a few maternity legislations were also enacted in 1929 by the Government. In the year 1948 the Employees' State Insurance Act was passed by the Indian Parliament and the Employees' State Insurance Scheme came into existence in February 1952. Since then the scheme is working on sound lines.

Thus, Social Security Schemes are of economic nature and make an integrated approach to economic growth and stability. The foregoing paragraphs show that these are the only schemes with a scientific approach to the removal of the problems of the workers in particular and of a nation in general. Experience shows that these schemes have fairly achieved their purposes in regard to the proper implementation and successful operation. To sum-up it can be said that Social Security is meant to avoid Social and industrial Unrest of

workers in particular and the whole community in general. For the next chapter it is proposed to deal with the 'Rationale of Social Security Schemes in India'.

CHAPTER-II

CHAPTER-II

RATIONALE OF SOCIAL SECURITY SCHEMES IN INDIA

INTRODUCTION:

It has been discussed in the preceding chapter that to overcome different problems faced by the individuals of a society and workers of a community social security scheme (SSS) are seems to be the only remedy. "Most of the mankind appears to be opting for 'safety first'. The ever-widening and augmenting demand for social security bears witness to this tendency".¹ It is Universally accepted that a suitable social security scheme may help in bringing about economic and National Integration. Thus social security schemes play a dominant and constructive role in the development of a country. These schemes promote cooperation between workers and employers with the dual aim of improving production and the working conditions of the labour force and upholding the interest of the community as a whole. "Every worker now a

1. I.L.O., Social Security, 'A Workers' Education Manual, Geneva, 1958, p.1.

days wants to be certain not only of his next meal but also of his subsistence for the rest of his life and the subsistence of his dependents as well.”² There is a very great need for introducing adequate social security schemes. The third world is facing a situation of rapid growth in population and industrial development, which was never faced in the past. Both these have created a number of problems. Insecurities of human lives in general and of industrial workers in particular have greatly increased. To protect the society from the contingencies in every walk of life of the present and the future, social security has been adopted as a national programme for the betterment of labour force in every developed and developing country. Various studies have proved that over the last four decades the measures adopted in the country for the welfare of workers under social security schemes have produced good results in India. “The mechanics of social security consists in counteracting the blind injustice of nature and economic activities by rational planned justice with a touch of

2. I.L.O., Social Security, 'A Workers' Education Manual, Geneva, 1958, p.1.

benevolence to temper it".³ The modern industrial age requires adequate steps to formulate and implement more progressive social security programmes for the workers in order to make them more efficient in their work. Adequate facilities and protection of workers out of and in the course of their employment lead to higher productivity.

Every country wants to maintain higher production of industrial goods by means of such welfare measures for the workers as discussed earlier. All countries are keen to protect their workers and to provide adequate facilities in regards to their nourishment and look upon it as a primary task.

In this chapter, it is proposed to study the need of social security schemes, their commencement, types, progress and prospects in India. Since India became independent, it has been interested in greater industrialization. In spite of many problems and difficulties, social security schemes have contributed a great deal to India's economic achievements since the beginning of planning era. "The major objectives of

3. I.L.O., Social Security. A Worker's Education Manual Geneva, 1958, p.1.

planned development in India are removal of poverty, attainment of social justice and achievement of an increasing measure of self-reliance of the economy. In the light of past experience in the formulation and implementation of Five Year Plans, there has been increasing recognition that growth and social justice, far from being opposed to each other, should go hand in hand. The result is that we have opted for a pattern of growth which will be consistent with social justice".⁴ In this way, over the last more than four decades a large amount has been spent on the economic development of India with a view to increase industrial production and humans' prosperity as well.

A social security scheme is purely economic in nature. Its best use has to be made to ensure a bright future for the country. The organise sector requires emphasis on "improving the services of the employees' state insurance, employees' provident fund and family pension scheme; promoting co-operation between workers and employers through participation in management and strengthening the industrial

4. Shankar Ghose, 'Perspective of Economic Growth', Yojana, 15 June, 1976, p.4.

relations machinery to better anticipate industrial disputes and to act promptly in order to avert work stoppages.”⁵

Now a question arises as to what extent these attempts have resulted in raising the standard of living of workers and the people of the country. To maintain sound industrialization in the country, social security schemes provide protection and benefits to the nation to attain a higher level of economic development and social justice.

“Each nation tends in its own legislation to go through the phases of development that in some more experienced countries have already been left for behind although, as the path is now well marked, the process of development is likely to be further and under informed direction, to avoid excursions up blind alleys”.⁶ No one can deny the fact that as the First Five Year Plan stated : “The worker is the principal instrument in the fulfillment of the plan targets and in the achievement of economic progress, generally. His cooperation will be an essential factor in creating an economic organisation in the

5. Sixth Five Year Plan, Govt. of India, New Delhi 1980-85, p.402.

6. I.L.O. 'Social Security; A Workers' Education Manual Geneva, 1958, pp.1-2.

country, which will best subserve the needs of social justice". This approach has directed the society on socialistic pattern to achieve the goal of India's development through Five Year Plans. Effective social security schemes have resulted in rapid industrialization that implies more jobs, efficient and skilled labour force, mass production, higher wages, lower costs of production and higher profits, India being a developing country, its government has to play a more active role in taking the country towards social change and further economic reform.

However, social security is one of the principal measures which play a key role in the economic development of India. It also does a great deal to solve the problems of industrial workers, as a right approach towards industrial harmony.

EMERGENCE OF SOCIAL SECURITY SCHEMES IN INDIA

At the beginning of the industrial era in India proper attention was not given to the workers' health, sickness, wages, welfare etc. by their employers or the Government. After a long time, the Government of India took initiative for the betterment of the workers by passing some Acts like Workmen's

Compensatory Act, and Maternity Benefits Act. But the provisions made through these Acts were insufficient from the viewpoints of the importance of their work and the risks involved therein. The most important Act was passed in 1948 known as Employees' State Insurance Act 1948. The other social security schemes are coal Mines, Provident Fund and Bonus Scheme, 1948, and Employees' Provident Fund Scheme, which was started in 1952 in six big industries and later extended to some more industries in 1956. Afterwards the Act was further amended in 1958 to cover governmental undertaking and those of local bodies. Therefore, the social security schemes were started to protect the workers particularly those working in some selected non-seasonal industrial organisations in the country. The brief history of the social security measures in India is given as under:

BRIEF HISTORY :

Social security in India in the early decades of 20th century was on the basis of poor relief. Its scope was limited to helping the community in case of droughts, famines, floods etc.

During the period traditional values associated with a small community, the joint family system and the in built security and help which people used to provide to each other were in practice. Indian economy was suffering from low per capita income, unemployment, economic inequalities, lack of utilization of available opportunities and resources etc. These resulted in mass poverty and inequalities among the people. As already stated in the preceding chapter, adequate social security scheme is a useful instrument for economic development of a country. The need of an adequate Social Security Scheme was felt by the makers of the Indian Constitution. B.N. Datar says: "The ideals set before the country through the Preamble to the Indian constitution and through the Fundamental Rights and Directive Principles of State Policy as embodied in the constitution are a recognition of this need. Subsequent acceptance by the Parliament of the objective of Socialist Society has added a measure of urgency to meaningful state action for comprehensive social security arrangements."⁷

7. Datar, B.N., "Labour Economics", Bombay, 1968 pp.252-53.

Industrialisation has brought a big change in the economic development of the country. Since the beginning of India's First Five Year Plan, industrialization was regarded as a remedy for overcoming the problems of poverty and improving the standard of living of the masses.

As already stated, there are two kinds of social security schemes, namely, social assistance and social insurance. Social insurance schemes were initiated in India after World War I. In 1923 the Government passed the Workmen's Compensation Act. According to this Act, employers in certain industries were made liable to pay compensation for industrial injuries. Maternity Benefit Acts have been enforced in several States before India became independent. However, employers were not much keen to provide social security measures to their employees. Indeed, in these circumstances progressive approach of social security measures were not in a very strong position and results among the workers were also dissatisfied with the legislative provisions during the pre independence era and thus the industrial progress and workers' prosperity were not normally possible in these circumstances.

In 1927, when discussing ratification of two conventions adopted by the I.L.O. discussed the issue of health insurance for industrial workers. The government of India consulted with the provincial governments to give their opinion and suggestions on the matter regarding the possibilities of introducing provisions for sickness insurance for the industrial workers as a income security, but the views expressed by the provincial governments were not accepted by the Central Government at this stage.

Nevertheless a scheme for health insurance for industrial workers was discussed at various conferences of labour Ministers. In 1943, Prof. B.P. Adarkar, was appointed to prepare a scheme of health insurance for industrial workers. He had submitted his report in 1944. His report was well accepted in the country and abroad. In 1945 at the request of the Government of India, the I.L.O. appointed M. Stack and R. Rao to examine and advice on the scheme set forth in the report of Prof. Adarkar. They suggested the extension of the scheme to all perennial factories covered by the Factories Act and the integration of maternity benefit and workmen's compensation

in the health insurance as two modifications in the scheme suggested by Prof. Adarkar. On the basis of Adarkar's Report and the suggestions of M. Stack, and R. Rao and the I.L.O., experts, the Government enacted the Employees' State Insurance Act in 1948. Passing of Employees' State Insurance Act 1948 was the right approach to enhance a comprehensive social security measures in India. Earlier there were a few unjustified social security schemes through which industrial workers were unable to get rid of their contingencies and problems as a whole. Employees' State Insurance Act 1948 is purely on economic consideration and helpful to the workers to protect them in the event of loss of their earning power through employment injury and sickness. The worker covered under the Employees' State Insurance Scheme is assured that he and his family will not starve if he is not fit to go at his work.

It is evident from the foregoing historical background that social security schemes have been in vogue for more than half a century in India. The following discussion will clear about basic need and importance of social security schemes in the country.

NEED AND SIGNIFICANCE OF SOCIAL SECURITY:

Factories are established where several risks and uncertainties are involved and affect the lives of the workers. In India the Government, through various SSS, helps the industrial workers in their contingencies of sickness, disablement, employment injury, maternity, etc., and the benefits are granted to the workers and their families. Prior to 1947 neither the workers were in a position to support themselves during their sickness and hazards of life nor the employers or the Government were interested in solving their problems. For improving workers standard of living adequate social security schemes were not introduced. All this was because of non-existence of any proper legislation to help the workers in contingencies.

During the period of World War II many countries adopted progressive social security schemes, but India lagged behind in this respect. Social injustice, economic inequalities, unemployment and mass poverty were some disturbing factors.

Due to their vested interests, and sheer exploitation of labour the British rulers were not in favour of introducing any social security scheme in India. As the workers were neglected and the frustration amongst them took a serious turn, it was post partition that the Government felt it necessary to provide certain effective measures to help the workers in their contingencies of life. To study the problems of social security, a number of Commissions and committees were set up and they came to the conclusion that such schemes could play a key role in establishing industrialization on a more sound footing and bring about better industrial relations in the country. On the recommendation of these committees, and Commissions the Government adopted health insurance, provident fund schemes, old age benefits and pension scheme for industrial workers in India through a number of legislations.

Further, the Beveridge Committee Report brought the importance and need of social security. In India since the enforcement of the First Five Year Plan, social security is being considered a National Programme.

India is a developing country. She has low per capita income and scarce resources for mass industrialization. The reason is that its industrial workers are governed by such a wage structure by which they are unable to meet their expenses. "It is also a remarkable fact that the majority of industrial workers in India buried in debt, and they are not able to pay that unless and until they get three or four months salary in advances. It is also found that about 80% workers spent their pay on food, clothing and shelter only, they fulfil other necessities by borrowing money from others."⁸

An other reason for introducing social security schemes in India, even today is backwardness, injustice, and the negligence that the workers have to face. It was found that Indian workers were in need of such social security programme, which could protect them from a number of problems in and out of the course of their employment. Not only the protection of the workers was needed but members of their family were also to be considered as beneficiaries under such schemes. Moreover, after independence, industrial development has

8. Saxena, S.R., 'Labour Problems and Social Welfare, Lucknow, 1977, p.269.

taken place more rapidly in India. The implementation of social security is essential. Otherwise industrial development in the country was supposed. For a successful and effective implementation of SSS, the International Labour Organization has also given guidelines. "The standard set by the I.L.O. has, to a large extent, influenced labour legislation in India, which has aimed at improving the conditions of work, promoting social security and protecting the human rights of labour in India".⁹ The role of the I.L.O. in this respect is praiseworthy and it has taken several steps in this direction. "During the sixty years of its existence, the I.L.O. has adopted a total of 128 conventions and 132 recommendations. India has so far ratified only twenty-nine conventions pertaining to improvements in the working conditions of labour, which have been incorporated in amendments to the various Factories Acts. It has also accepted the provision of Social Security measures, which have been given a legal sanction in the Workmen's Compensation Act, and the E.S.I. Act of 1948".¹⁰

9. Punekar, Deodhar, Sankaran, 'Labour Welfare Trade Unionism & Industrial Relations', Bombay, 1980, p.305.

10. Ibid.

Modern industrialization has resulted not only in economic, scientific and technological advancement but it has also lead to social and psychological distress. Since India became independent, the approaches towards her main concern has been the economic development through plans. The planning Commission observed in the First Five Year Plan; our approach to labour problems rests on consideration which are related on the one hand to the requirements of the well-being of the working class, and on the other to its vital contribution to the economic stability and progress of the country. The worker is the principal instrument in the achievement of economic progress, generally, his cooperation will be an essential factor in creating an economic organization in the country which will best subserve the need of social justice. This shows that during that time Government was very keen to solve the problems of Indian workers.

“It should be appreciated by our workers that being the main beneficiary under the social security schemes. It will be in their interest to acquaint themselves with the various aspects of social security and the facilities available to them. The

enlightened workers should render proper guidance to their fellow workers about the facilities and their proper and judicious use. The workers should have full faith in the effectiveness of the organizations administering the schemes. If they have got any grievance or suggestion for improvement, the same should be brought to the notice of a proper authority. The workers are to be educated to see and practice things in right spirit. Wrong practices like false claims, and misuse of medical and other facilities should be curbed".¹¹

In the light of the foregoing discussion it is hoped that the growth of strong social security schemes and development of industrialization will surely bring economic advancement and human prosperity which is the desired goal of every industrial country in the World including India. The system of social security is not new to India. Workmen's compensation Act and Maternity Benefits Acts were enacted before independence in different parts of the country with the exception of a very few states. But the most important legislation was passed by the Government of India after

11. 'Social Security', 'CBWE Publication', Nagpur, March, 1976, p.26.

independence the Employees' State Insurance Act in the year 1948. The ESI Act is quite satisfactory and covers a lot of problems of industrial workers and their families.

India is most desirous of developing social security schemes along scientific lines. Since the beginning of third decade of the 20th century the social security schemes were making great progress. When India became free the government took up social security as a National Programme on the recommendations of a number of Committees and commissions in the interests of the country. Such schemes were also necessary in the interest of social justice, B.N. Datar, says : "The concept of social security is mainly based on ideals of human dignity and social justice. Underlying the concept is the fact that a citizen who has contributed or is likely to contribute to country's welfare should be given protection against certain hazards of life to which he is exposed either in his working life or as a consequence of it".¹² In fact, any description of the scheme of social security will remain incomplete unless the impact that scheme produces and the changes to be expected,

12. Datar, B.N., Labour Economics, Allied Publisher, Bombay, 1968, p.252.

have been studied. It has also been noted that changes both in industrial Psychology and economic planning have resulted in mass industrialization and prosperity in the country through adequate social security measures.

As a matter of fact, social security schemes have been playing a vital role in every sphere of India's economic, social and political life. The under mentioned discussion will however, clear various significances of social security schemes.

ECONOMIC SIGNIFICANCE :

As far as the economic significance of social security is concerned, it is evident that through the implementation of such schemes the workers have developed their personalities and productivity to a greater extent in comparison with those who have not been covered under the schemes. An integrated economic advancement is only possible when the workers of a community are brought under the purview of social security schemes. Thus, these schemes play a key role in bringing about sound economic advancement in a country through providing certain facilities related to their work and life. which

ultimately effect their earning power and bring about a rise in their standard of living, resulting in an increase in per capita income. Adequate facilities through social security schemes would result in faster progress of industrialization in a country which is only possible when a sense of responsibility is inculcated in the workers so that they may prove themselves as an asset and not a liabilities to their organizations. With the beginning of social security and its programmes, the world has made steady progress in industrialization and human's skill. When India's First Five Year Plan came into force, efforts of the government were towards the solution of workers problems, reducing economic disparities, and maintaining economic stability and progress in the country through social security schemes. In this connection, it was also observed by the Planning Commission that SSS are the effective means to secure the economic progress and workers' prosperity. The prime objective behind social security measures is to protect labour force from various hazards of life and work and to make them more efficient in their duties. No doubt, it would lead towards economic development and productivity as a whole. It

must be recognised that this is an era of dynamic economic changes all over the world and everywhere there is a growing desire for continuous and rapid economic growth which necessitates scientific approach to the problems which the working class faces. Here, social security can meet the challenges of the growing need of sound industrialization of the country. "The effects of social security on productivity depend mainly on the influence of transfers on incentives, savings, efficiency and mobility of labour."¹³ In deed, social security has a great influence on the efficiency of workers and productivity simultaneously. Similarly "if there is loss in productivity it is due largely to defects in the application of social security and this can be remedied."¹⁴

"Social security can be directly used as a device to curb the economic slumps to a great extent."¹⁵ In this way, social security schemes have their positive impact on the

13. Richardson, J.H., 'Economic and Financial Aspect of Social Security', An international survey, London, 1960, p.220.

14. Ibid.

15. Hasan, N., Social Security in the Frame-work of Economic Development, Aligarh, 1965, p.449.

economic development of the country and living conditions of the masses in general and of the work-force in particular.

SOCIAL SIGNIFICANCE :

Social security is purely based on ideals of human dignity and social justice. The concept of social security reveals that one who has contributed his services in increasing productivity, should be provided protection against certain risks and hazard in and out of the course of employment. Social security measures available to the workers help them in raising their standard of living. For example, workers' education is one of the social security measures to make them more efficient in the performance of their duties. The workers' education programmes are given a high priority amongst all social security measures that can make them good workers enlightened union Leaders, responsible citizens and useful member of their families. In this way, personal character and self satisfaction are attained by workers through the adoption of educational schemes. Those schemes have raised the social status of the workers. For the sake of social upliftment of the

work force, the Government of India has launched a well organised education plan with the setting up of the Central Board for Workers' Education (CBWE) in September, 1958. Basically the purpose of the CBWE is to educate the workers to understand their social and economic problems, responsibilities towards their families, work and position in the society. Since the establishment of the CBWE, India has made a remarkable progress in achieving the goal of better standard of living of the workers and their developments in other sphere of life. It is a recognised fact that educated workers are the assets of the industry and they can contribute to the economic and social advancement of a country and may operate their machines more efficiently as "modern machine industry depends in a peculiar degree on education; and the attempt to build it up with an illiterate body of workers must be difficult and perilous. We would emphasise the fact that precisely because of this, the education of industrial labour should receive special attention".¹⁶ In nutshell, education programmes affect the social status of the workers to a great extent. In a democratic society

16. Report of the Royal Commission on Labour, p.28.

like India education to the workers is the only means of establishing a socialistic approach. Furthermore, social security schemes can inculcate a sense of individual fitness, safety, productivity, duty consciousness and discipline among the workers.

It is generally accepted that better social security schemes make a significant contribution to the socio-economic transformation of a country. "Education has strategic role to play in bringing about a cultural change required for realising the goal of establishing an egalitarian society. Durkheim, the eminent French Sociologist long time back considered education as the most efficient socialising force. His interest was in maintaining stability and order of a social system by injecting the social values and norms into the minds of the younger generation".¹⁷ That is why, social security includes a sound education programme for the workers engaged not only in industrial organisations but also in agriculture, forestry, fisheries plantation etc. In brief, it can be said that social

17. Murty, R.R., 'Population Socialisation and Education, Yojna, 15th May, 1976, p.33.

security measures are the best tools for raising the social status of the workers of a country.

POLITICAL SIGNIFICANCE :

Social security schemes are also worthy of appreciation from the political point of view. Social security measures provided to the workers by the employers and governments help in creating a better understanding between the employees and the employers in the interests both an industrial concern and its workers. The workers are encouraged in various ways due to which they avoid conflicts, strikes and lock- outs and try to have a sound and peaceful atmosphere in their place of work. The government has been interested in the establishment of the labour unions to make the workers fully aware of the prevailing situation in the country. From the platform of their unions, associations, forums and federations, the workers can raise their voice against insecurity and injustice. The political approach of social security is to bring mutual co-operation, peace and harmony in the industrial

organizations. To sum-up, the social security schemes are effective tools for maintaining industrial peace and harmony.

PSYCHOLOGICAL SIGNIFICANCE :

Human psychology or human behavior is an important factor effecting the working as well as living conditions of an individual worker, whether it is industrial or agricultural, are psychologically effected by the nature of their jobs, their earning, the attitude of their employers, protection and facilities available to them. The Government policies in relation to workers and their families. Social security schemes greatly affect the psychology of workers. The protective measures provided through social security schemes help the workers and gain the mental peace and satisfaction as they feel secure against risks and hazards involved in their work and lives. The existence of social security measures creates a sense of satisfaction among the workers for their present and future, and a satisfied worker will be more efficient and willing in his work. Mental satisfaction increases the working capacity and efficiency of the workers which leads to an increase in their

earnings and they are thereby able to raise their living standard and in the long run this can lead towards the increase of the National Income, bridging the gap between developed and developing Nations and in this way they contribute to the economic, social, cultural and political advancement of their country. Hence, it is clear that social security is a psychological remedy for a lot of dissatisfaction and conflicts. "The author of Shukraniti could, however, lay his fingers on the troubled spot and thus ventured to analyse the case of disputes, ultimately coming to the conclusion that frustration i.e. lack of psychological satisfaction was at the root of all disputes".¹⁸ Therefore, industrial disputes, may be avoided through social security schemes in the form of measures like health and sickness benefits and other incentives to keep the workers satisfied not only psychologically but also economically and socially.

It is evident from the aforesaid discussions that the role of social security is quite important in each and every sphere of economic, social and political life, social security

18. Saran, K.M., 'Labour in Ancient India', Bombay, 1957, pp.79-80.

schemes have been implemented by the Indian Government through the employers' organisations to provide various facilities and incentives in view of several insecurities and contingencies faced by the workers in and out of their employment. The benefits available under social security schemes are the means of meeting natural and physical contingencies attached to the work of industrial employees. The most significant feature of the SSS is that it inculcates dutifulness, faithfulness and sense of responsibility and results in productive efficiency and increased earning capacity among the workers through providing them different benefits in the interests of the economic, social and political transformation of a country.

INGREDIENTS OF SOCIAL SECURITY SCHEMES IN INDIA:

Social security measures are gradually being adopted more and more and considered as an essential instruments for protection and stability of the nation in general and the labour force in particular. These programmes are being unanimously in

practice on effective lines all over the world. Social security schemes, as it has been mentioned in foregoing discussions, based on the two main principles i.e. social assistance and social insurance. Social assistance is generally accepted principle according to it the government of a country is constitutionally as well as morally bound to help and provide financial or non-financial assistance to the victims in case of any natural calamity like flood, drought, famine, epidemic etc. In case of social assistance there is no any criteria for eligibility of the assistance seekers but it is provided by the Government according to the circumstances, needs and requirements of the general public irrespective of their creed and cradle. As regards to the social insurance, various kinds of monetary and non-monetary incentives are provided to the working class of the country. Social insurance is a income security. The facilities and benefits under this principle are provided from a fund, which is contributed by the employers, employees and the Government. The basic characteristics of social insurance are that it is a contributory in nature and the incentives are provided to the working people through their

appropriate organisations under the legislations framed by the Government.

As stated earlier, social security schemes are of two kinds social Insurance and Social Assistance. The former is applicable to industrial workers or working people while the latter can benefit needy people belonging to any group. As the present study is concerned with one of the social insurance schemes.

The following are the main social insurance schemes enforced in India :

1. The Workmen's Compensations Scheme.
2. The Employees' provident Fund Scheme'.
3. The Maternity Benefit Scheme.
4. The Payment of Gratuity Scheme.
5. The Employees' State Insurance Scheme.

1. The Workmen's Compensations Scheme :

An income security measure, workmen's compensation Scheme governed by the Workmen's Compensation Act, 1923, is an important part of social security in India. Before the

enactment of the Act, an industrial worker faced a lot of difficulties to get compensation from his employer against any industrial injury, because there was no any legislation or binding upon him. Provision of compensation in case of any industrial injury was absolutely at the discretion of the employer. Through the recommendation of the ILO on the pattern of other countries the financial procedure of the scheme has been defined on the basis of employers' liability principle. Previously under this scheme no responsibility was fixed on the beneficiaries or the state Government. Prior to the new scheme an industrial worker had to suffer when he faces any accident while at work and no compensation was being paid to his family even in case of his death.

The workmen's Compensation Act was passed to make it obligatory for the employers to provide monetary compensation to workers or to their families in case of injuries sustained in the course of their work. The Act is enforceable

throughout Indian establishments (subcontinents) except the state of Jammu and Kashmir. It is also necessary to mention here that the aim of the Act is not to compensate the worker in lieu of wages but to pay compensation for the injury caused. In brief, the Act is effective to a great extent in the interests of labour force working in industrial organisations where the scheme is implemented as a part of social security. The present position and the progress can be understood with the help of the following paragraph.

“The Act applies to railway Servants and persons employed in any such capacity as is specified in Schedule II of the Act. Schedule II includes persons employed in factories, mines, plantations, mechanically propelled Vehicle, construction works and certain other hazardous occupations. Minimum rates of compensation for permanent total disablement and death have been fixed at Rs.60,000 and Rs.50,000 respectively. Maximum amount for death and permanent total disablement can go up to Rs.2.28 lakh and

Rs.2.74 lakh respectively depending on age and wages of workmen".¹⁹

2. Employees' Provident Fund Scheme :

Like other Social security Scheme under social insurance the need for a compulsory Provident Fund Scheme was of great concern for the benefit of industrial workers in India. Breaking in the process of joint family system and to pass retired lives of industrial workers and the phase of old age the Employees' Provident Fund Scheme was introduced through the studies of labour enquiry committees set from time to time and finally recommended in 1934-38 for industrially dominant countries including India.

In 1947 it was realized by the members of labour Conference and Committee to introduce a Provident Fund Scheme in India under some Legislative provisions. Later the 9th session of India Labour Conference held in 1948 further emphasised on the matter and the Central Government promulgated the Employees Provident Fund Ordinance on 15th

19. India 1999, Government of India, New Delhi, p.521.

November, 1951, and in this way the Employees' Provident Fund Act was passed during the first quarter of 1952 and the scheme was started in the last quarter of the same year in which the Act was passed.

The Employees' Provident Fund Scheme came into existence in 1952 in India as a social security measure to benefit the industrial workers. The scheme framed under the Act was initially covered to six industries namely.

- (1) Cigarette,
- (2) Cement,
- (3) Mechanical and general engineering equipments,
- (4) Iron and steel,
- (5) Paper,
- (6) Textiles,²⁰ further extended to all factories or establishment employing 20 or more workers.

The contribution rate of Provident Fund for both the employers and employee is 6 1/4 percent of the basic wages. The main feature of this Act can be defined as a scheme of

20. Saxena, R.C., "Labour Problems and Social Welfare", Pub. K. Nath & Co., Meerut, 1974, p.457.

compulsory insurance both by the equal contribution of employers and employees. Thus, the employer has to pay the contribution on his behalf and his Employees' equivalent to the share towards the scheme. The contributions so called by the parties are deposited to the provident fund account for the purpose of Central Government Securities at the rate of interest allowed from time to time by the Government.

There are two types of Provident Fund Schemes, one is contributed both the employers and employees and the other one is contributed by the employees only. The implementation of Provident Fund Schemes are not uniform in nature they are different in operation in different states.

The existing Act of 1952 amended in the year 1971 to implement the Employees' Family Pension Scheme for the purpose that the scheme is a long-term financial help to the members of the worker. In case of death of an employee the full amount which has been deposited by the worker himself and his employer will be granted to his legal nominees entitled as per rules. The scheme is compulsory to all workers covered

under the Employees' Provident Fund Act 1952. The Employees' Family Pension Scheme is financed by employees out of employers' contribution only. The Employees Provident Fund is separate provision towards the contribution of both the parties i.e. employee and employer as per earlier mention.

The State Government do not have any financial responsibility under the schemes. To meet the administrative cost of these schemes a separate charge at the rate as decided from time to time by the representatives is contributed by the employers according to the pay roll.

The above discussion reveals that the said schemes are inadequate in providing other benefits to the industrial workers and do not cover medical requirements. The schemes should be comprehensive and the participation of central and state governments, should also be taken into consideration for the betterment of our industrial community. "As on 31 March 1996 the Act covered 177 Industries/classes of establishments with about 193.5 crore subscribers. Coverage under the Act is presently restricted to establishments employing 20 or more

persons. It is further restricted to those drawing wages up to Rs.5000 per month. Minimum rate of contribution under the Act is 8.33 per cent. However, rate of contribution in respect of 177 industries/establishments employing 20 or more persons has been enhanced to 10 per cent. Under the Act, employers are required to make a matching contribution".²¹

3. Maternity Benefit Scheme :

Since the first quarter of the 20th century the efforts to make necessary legislative provision was the great concern over the matter of maternity benefit scheme as a social security measure for the women industrial workers. The I.L.O. Convention held in 1919 has laid down a leave period of twelve weeks in connection with the childbirth to the women industrial employees. But due to some social and religious difficulties the Government of India did not ratify the convention at that time.

The first Maternity benefit Act was passed by the Bombay Government in the year 1929. On the recommendation of the Royal Commission the maternity benefit Acts were

21. India-1999, Government of India, New Delhi, p.522.

passed in many States in India. The maternity benefit Acts were not uniform in all the States. The enforcement of the Acts were adopted on the circumstances and the scope of the scheme in these states. However, when India became independent the Central Government consulted with the State Governments on this subject to have uniformity and minimum standard of the benefit to the women employees to whole of India. The views after consulting with the state governments were examined by the Central Government. Resulting in a number of State Governments modified the Maternity benefit Act on the pattern as suggested by the Central Government.

In India like many other countries another social security scheme is maternity benefit scheme. This scheme has its own significance for the women industrial workers. It is a kind of rest which is granted to the insured women employees through their appropriate organizations in case of confinement pre-natal and post-natal for 90days with full pay and full statutory benefit.

The need for a maternity benefit for women employees has always been a great concern in the country. For the purpose the Government of India passed a Central Maternity benefit Act in 1961.

The benefit is paid to the women employees at the rate of an average daily wages for the period from the start of her leave from the work and including the day of child's birth and six weeks onwards after that day of child's birth. This clears that the maximum period of leave is twelve weeks to grant maternity benefit to the women industrial worker.

At present the Central Maternity Benefit Act is applicable in the States namely, Assam, Andhra Pradesh, Bihar, Delhi, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, West Bengal. Besides, the state Acts are in operation in Uttar Pradesh, Mysore and Orissa only. The Employees' State Insurance Act has covered a rich percentage of women industrial workers and to this effect the employers have become free of discharging liability of Maternity Benefit Act. The amendment of Maternity

Benefit Act 1972 has clearly mentioned that the women workers under Maternity Benefit Act will be provided benefit unless and until they are covered under the ESI Act as a claimant to a similar benefit.

The foregoing paragraphs have shown an over all picture of maternity benefit which is a part of social security schemes in India, like other social insurance schemes the one common feature of this scheme is the employers' liability principle of finance. The need for a comprehensive and integrated social security scheme is of great importance in our country to meet the modern challenges of the third world. In this scheme no provision of medical treatment and hospitality has been given, the employers are the only way to meet the requirements of the benefit for women employees and on the other hand no financial burden has been fixed to the state Governments.

"The Act applies to mines, factories, circus, industry, plantation, shops and establishments employing ten or more persons, except employees covered under the Employees' state

Insurance Act, 1948. It can be extended to other establishments by the State governments. There is no wage limit for coverage under the Act.²²

4. Gratuity Benefit Scheme :

Gratuity Benefit is an additional retirement benefit. It is provided as a provision for old age and a reward for good behavior, faithfulness and efficiency during the service tenure of an employee. In the earlier period, the payment of gratuity was voluntary and at the employer's will, since there was no legal obligation for it. Legislation was passed and entitled to the worker for this benefit. The payment of Gratuity Act, was enacted in 1972 making it obligatory for the employers to pay fifteen months wages to their employees on their retirement from service.

“The payment of Gratuity Act, 1972 is applicable to factories, mines, oil fields, plantations, ports, railways, motor transport undertakings, companies, shops and other

22. India, 1999, Government of India, New Delhi, p.521.

establishments. The Act provides for payment of gratuity at the rate of 15 days' wages for each completed year of service subject to a maximum of Rs.2,50,000. In the case of seasonal establishments, gratuity is payable at the rate of seven days wages for each season. The Act does not affect the right of an employee to receive better terms of gratuity under any award or agreement or contract with the employer".²³

5. The Employees' State Insurance Scheme :

In India one of the most important Schemes of social security is the Employees' State Insurance Scheme (ESIS). The scheme is the first health insurance scheme in South-East Asia. It is dynamic in nature and has positive impact on the working as well as living conditions of the workers. Prior to the implementation of the scheme the lives of industrial workers were quite insecure in case of any contingency. The scope and coverage of this scheme is much wider than that of other social security schemes as mentioned in the earlier paragraphs. The

23. India, 1999, Government of India, New Delhi, p.521.

scheme is regulated through the Employees' State Insurance Act, 1948. Under this Act the workers are provided

- (a) Medical benefit
- (b) Sickness benefit
- (c) Maternity benefit
- (d) Disablement benefit
- (e) Dependents benefit
- (f) Funeral benefit.

The characteristic feature of the scheme is that except for medical benefit, all other benefits are provided in cash. The medical benefit is provided not only to the worker but the same has also been extended to the members of his family.

In brief, the benefits under the ESIS are more in number and of vital importance to workers and their families. The scheme is implemented under the guidelines prescribed by the Employees' State Insurance Corporation (ESIC).

The Employees' State Insurance Act, 1948 covered non-seasonal factories using power and employing 20 or more persons, is now being gradually extended by the appropriate

Government (Centre or State Government) to Smaller factories, hotels, restaurants, shops, cinemas etc. "After enforcement of the provisions of the ESI (Amendment) Act w.e.f. 20th October, 1989, the Act is now applicable in the first instance to non-seasonal factories using power and employing 10 or more persons and non-power using factories and specified establishments employing 20 or more persons".²⁴ The Act covers employees drawing wages not exceeding Rs.6,500/- per month with effect from 1st January 1997.²⁵

"The Act provides medical care in kind and cash benefits in the contingency of sickness, maternity and employment injury and pension for dependents in the event of death of a worker because of employment injury. Full medical care including hospitalization is also being progressively made available to members of the family of the insured persons."²⁶ According to ESIC Annual Report 1997-98 as on 31 March 1998 there were 127²⁷ ESI hospitals and 43 annexes with

24. ESIC Annual Report, 1997-98, New Delhi, p.XV.

25. India 1999, Government of India, New Delhi, p.522.

26. India 1999, Government of India, New Delhi, p.522.

27. It does not include E.S.I. Hospital, Okhla (Delhi) where OPD has been functioning Since 1993.

23,692 beds and 1,450 dispensaries under the Scheme. The total number of employees covered was about 83.61 lakhs.

After going through the ingredients of social security schemes particularly enforced in India, it has been proved with the discussion made in the aforesaid paragraphs that social security schemes are the most generatic, effective and valuable to achieve socio-economic development in the country. In our country the ESI Scheme which is based on social insurance provides a number of benefits under one roof with the entire satisfaction to its members. Here it seems necessary to give a brief discussion on the administration of Social Security Scheme as to what extent it should be managed on proper guidelines and is implemented.

ADMINISTRATION OF SOCIAL SECURITY SCHEME

From the inception of civilization, though social assistance has existed but such assistance was given on an *ad hoc basis* by industrial and local bodies. Personal assistance was given by individuals or through the joint family system by gram panchayats and other social organizations including that

of Zakat's provision in Muslim Society, which helps to poors. But with the passage of time and changes in circumstances, people thought about their security through any organized organizations and thus the cooperative societies at different levels came into existence. Later such an upgrading of social security measures was felt insufficient and government took initiatives to provide protection to citizens in their health and income contingencies. The role of the governments all over the world is of prominent nature towards this direction. Anyhow, social security schemes are in operation and available through two major principles i.e. SOCIAL ASSISTANCE AND SOCIAL INSURANCE as has been discussed in preceding chapter.

To run any scheme properly it is necessary that the administration of the organization which runs the scheme must be effective and efficient. Social security schemes are managed by appropriate organizations in each and every country where the schemes are in existence. Social security administration should ensure an early disposal of cases with low cost of operation. The aim of the speedy award of benefits and their proper disbursement can be achieved if the administrative set-

up is simplified to the utmost and procedural formalities are minimised. The quality of effective and efficient administrative machinery is that the chances of fraud and collusion are reduced and misappropriation and misinterpretation of rules are avoided. Democratic representation in the administration is must in the modern age of democracy. Therefore, social security schemes also require an effective administrative set-up for their proper implementation.

In various countries the social security schemes are administered through different bodies or ministries according to their needs and requirements. The ultimate objective of social security is to reduce and avoid hardships of the people in general and industrial workers in particular. The administration should be scientific, efficient and smooth. In this connection the Employees' State Insurance Scheme is one of the Social Security Scheme based on social insurance is in operation in India. According to the ESI Act 1948, the entire responsibility of the administration of ESIS is vested in the Employees' State Insurance Corporation (ESIC). The Scheme has a three-tier

structure which includes the employees' the employers, the Central Government and the State Governments.

The organizational structure of the social security scheme in India is based mainly upon the SOCIAL INSURANCE. The employees to avail the benefits under this scheme are bound to be registered with their appropriate organization and to contribute in the prescribed ratio towards the funds for meeting out all the contingencies. The benefits are provided through proper legislative guidelines for better results of an over all development in the country.

The need of Social Security in India for giving an impetus to the course of rapid industrial development has been the main concern. The labour policies of the Government may give a new turn to meet the present requirements of the industrial development and workers' need to be granted Social Security benefits. Ultimately the success of labour policies and legislations depend on how they are taken by those for whom they are meant. Social Security will have to play an important role in preparing labour for Social and Economic order. In this

connection a modest approach of Social Security has already been made by the Government of India through passing ESI Act, 1948. After discussing the administration pattern it seems necessary to give some problems faced by the social security schemes in India and simultaneously the prospects of these Schemes. Most of the advance countries have achieved their goal in maintaining better deal with labour class through these schemes. In this way, various unified and integrated social security measures as discussed in this chapter brings out that a good deal has been done in India after post independence era.

Further more, in an industrially advanced country social security plays an important role in providing greater security to concerned people. India, so far has made progressive approach in providing social security measures since the enforcement of ESI Act, 1948, to make further improvement in workers standard of living and economic management in the country. The Government has achieved considerable success in managing social security schemes to a greater extent in India.

In order to evaluate the rationale of social Security Schemes in India the study has so far covered the emergence of social security Schemes in India, brief history, need and significance, ingredients and administration of Social Security Scheme to elicit an over all philosophy of Social Security measures for Indian masses showing their tasks in most dignified ways. The various programmes of Social security have been a matter of active discussion by the economists, planners and the committees appointed for the purpose from time to time. Social Security depends largely on the factors mentioned above and therefore, calls for a culture that can be augmented by introducing various social security Schemes and measures in the country though the role of Social Security is worthy to note and it can be asserted that the performance of Social Security Schemes for human settlement, prosperity and industrial development is self explanatory. The following paragraphs will show the problems and prospects of Social Security Schemes in the country.

PROBLEMS AND PROSPECTS :

The foregoing discussion reveals that social security schemes are playing a significant role in our society and are greatly instrumental in satisfying industrial workers. In spite of a number of advantages and good performance there are few problems of these schemes. Basically, Indian social security measures cover only a limited portion of population, while, a vast majority does not fall under their purview. These Acts are only for insured industrial workers. Another important problem workers are not provided social assistance which is applicable to the rest of population. Besides, under these schemes benefits are only granted so long as a worker contributes required amount out of his wages. Social security schemes cover risks on very limited grounds. The workers are governed by certain legislative procedure, they have to fulfil certain prescribed conditions to satisfy employers and the respective governments while in social assistance the benefits are given only if certain prescribed conditions are satisfied. The social assistance is wholly financed by the state Governments, where as the social insurance is granted to those who contribute for the scheme. However sometimes dispensaries do not provide required

medicines at proper time to the Sick workers and members of their families. The social security schemes can play a vital role if these problems are discussed and removed to achieve the goal of better future.

The prospects of social security in our country is much brighter, as the coverage under these schemes has been extended to a great extent. The ultimate objective of every business or trade, is to give maximum return at a minimum cost and to provide more incentives to the employees to the level of entire satisfaction. The entire economic development depends upon this motto. That is why, "the advent of Independence and attempts at economic planning have made citizen look forward to social and economic improvement in his life-time. What is required to fulfil this expectation is a well thought-out plan for extending social security in the country to the whole population"²⁸. As a matter of fact, it is said that social security is a factor of economic stability and humanitarian in purpose. However, since we became independent much and more has

28. Giri, V.V., 'Labour Problems in Indian Industries', Bombay, 1958, p.274.

been done in promoting social security schemes to cover a vast majority of population working in other sectors also. Even the social security measures particularly provisions of employment opportunities have been provided to the nation. Moreover, social security schemes can play an effective role in building up country's economy and human prosperity to a great extent. Besides, "The social security measures which have hitherto been confined to industrial workers are being expended to cover the other section of population"²⁹ as the workers of other sections play a vital role towards the national upliftment programmes, they are also being considered to meet the challenges of the modern age.

Since the beginning of Employees' State Insurance Scheme (ESIS), a large number of working population has been covered to facilitate them during their contingencies. ESIS is the only scheme which is providing a number of benefits to the working class and their families.

29. Saxena, S.R., 'Labour Problems and Social Welfare', Lucknow, 1977, p.311.

CONCLUSION :

In the light of the said discussions, it emerges that social security has a great deal to maintain minimum standard of living of masses in general and of working class in particular as it has been viewed by a number of economists. The role of social security is of greater significance not only in bringing up the economic advancement but it also helps in expanding industrialization all over the world. In the past era, there was no any social security scheme in a proper way recognised by the employers, employees and the government. The people were benefited on their mutual understanding but after a long period when the industrialization grew, the governments of various countries thought about the formulation of such a Social Security Scheme imposed on the employers that may give the genuine incentives to their employees. On the international pattern the government of India also took initiative towards this direction by introducing the social security schemes in the early decades of the 20th century.

As far as the significance of social security schemes are concerned, its role in every sphere of life is worthwhile of

consideration. In the economic field it creates an encouragement among the workers to work hard with efficiency having the faithfulness to their respective employers in the interests of their own and families because the workers are given a lot of benefits over and above their normal wages and basic working conditions. From the social point of view, these schemes play a dominant role in developing a sense of responsibility among the workers and to raise their social status in the society to which they belong. Similarly these schemes have positive effects on the political as well as psychological situations and feelings of the working class and on the other hand mass industrialization as well.

Regarding the scope of these schemes in our country, the government of India has been providing various benefits to the employees concerned. As has already been discussed these schemes are based upon the two basic principles namely social assistance and the social insurance. Social Insurance has a wider range scope and only the way to bring up the India's economic advancement for which the idea was felt and implemented very fast after India became independent. The benefits provided under social assistance are exclusively

granted by the government irrespective of the creed and cradle of the people and without any means of test. But on the other hand benefits under social Insurance are provided out of the funds towards which the employers, employees and the government contribute in the prescribed proportion in the light of the Acts framed for the social insurance schemes.

After going on the subject it has been concluded that the social Security Schemes in India that are run and managed by the Central Organizations. Employees' State Insurance Corporation (ESIC) is of tremendous significance. The social security schemes can not be over emphasised if a country has a target to expand its industrialization with mass technological developments. For the reasons, this researcher is of the opinion that the evolution of Employees' State Insurance Scheme (ESIS) should be discussed in detail before going through the working of Employees' State Insurance Corporation (ESIC) and this forms the basis of our next proposed chapter i.e. 'Evolution of Employees' State Insurance Scheme in India.

CHAPTER-III

CHAPTER-III

EVOLUTION OF THE EMPLOYEES' STATE INSURANCE SCHEME

INTRODUCTION :

It has already been discussed in Chapter Second that in order to improve workers' standard of living and to remove different grievances, problems and worries the movement of social security was started in India. Prior to independence of India, the then government was not much interested in the adoption of a proper system of social security schemes, only a few measures were in operation, which were not sufficient to protect the workers and to provide adequate facilities in their contingencies. In case of any industrial accident the workers were not provided compensation to the level of their satisfaction by their employers. Moreover, during such a spell of time the measures of social security were lacking the over all coverage of benefits to the workers in regard to their needs and requirements. Particularly, in pre-independence era, industrial workers were not satisfied with those Social Security Schemes which were a few in number and totally

discretionary of their employers. We have also pointed out in the preceding chapter that a few such employers were in a position to protect their workers and to grant them welfare facilities on the lines prescribed by the Acts for the betterment of labour force, of the organised sectors. The workers of unorganised sector were totally neglected by their employers, and thus, more emphasis were given towards a such scheme which could lead a healthy and happy life of industrial workers under a planned economic development and social justice.

In fact, in those days social security programmes were poor in performance and did not cover all types of risks of our industrial workers accordingly. To have an effective solution of the problems and the difficulties faced with our industrial workers, a number of committees and commissions were appointed by the government from time to time to review the situation. For this purpose, many conferences and conventions also took place and the reports submitted were also given due consideration by the then Government of India. On the basis of these reports and recommendations, a good deal was undertaken in the field of social security, and it was realised that certain measures if adopted for workers'

protection and health care can lead towards rapid industrialization in the country.

However, through the passing of Employees' State Insurance Act, 1948, India has achieved a remarkable progress in industrial workers' nourishment and industrial prosperity simultaneously. The Employees' State Insurance Scheme (ESIS) was implemented in the year 1952. Before going through the needs and objectives of the ESIS, it is necessary to give a brief discussion on historical background of the ESI scheme.

HISTORICAL BACKGROUND OF THE ESI SCHEME :

Since Independence, India has taken several effective steps towards rapid industrialization and economic prosperity. These steps have generated industrialization and work-force into modern industrial society. Good measures for workers' protection and health care have been the main target since the India's First Five-Year Plan. Since then Indian Government has been giving more emphasis on the enhancement of social security measures in the interests of working community as "in a developing country with a planned economy like ours wedded to ushering in a welfare

state, preservation of industrial peace is of vital importance, for a unhindered and accelerated growth of national economy promotion of social security".¹ In this way our government decided to operate sound and effective social security measures. There should be much attention at grass root level for better social security measure which can deal with the part played by the government in strengthening the employees' and employers' relationship with the motives of health, safety, protection and welfare of workers. Social security is, no doubt a subject of topical labour interest as it is an issue of world-wide discussion and deliberations with a great importance. Moreover, labour welfare is a vital instrument for moulding the effective labour policies. It helps in developing ideas of welfare philosophy and growth of labour welfare movement in the country on the one hand it enables the country to maintain industrial harmony and on the other hand national prosperity at large with vested interest on Socio-economic goals. Keeping in view the role of workers in mass industrialization of a country and its importance in the country's economy, the Government of

1. Jain, R.C. 'Path to Industrial Peace', Indian Labour Journal, Vol.24, No.7, July, 1983, p.963.

India passed the Employees' State Insurance Act, in 1948 for the purpose.

In fact, during the pre-independence era, the negligence of social security schemes was the main drawback. But the growing need of social security for human welfare was given much attention to solve the poverty and want of workers. Successive Five Year Plans have regarded their progress as a major objective of social security schemes. The present research work is an attempt to accomplish the task of ESIS.

The Employees' State Insurance Schemes is the first social insurance scheme for industrial workers in India. "Messers Stack and Rao" submitted the integrated scheme to the Government of India in 1945, the year in which the Second World War ended. In November, 1946, the Government of India introduced in the Central Legislative Assembly the Workmen's State Insurance Bill which was referred in November, 1947, to a select committee. The select committee submitted its report to the Indian Parliament in February 1948. The Government then drafted a new Bill, called the Employees' State Insurance Bill

accepting most of the recommendations of the Select Committee. This bill was passed into an Act by Indian Parliament on 19th April, 1948".² A step towards fuller social security came into force called as Employees' State Insurance, Act 1948, a year after independence. The provisions of Employees' State Insurance Scheme were drafted to maintain satisfactory labour standard in order to promote welfare activities among the workers and also to promote economic co-operation for mass industrialization simultaneously. Indeed, Employees' State Insurance Scheme has been working more progressively and has a key position and modest attempt towards adequate social security provisions for industrial workers, in a broad way.

The scheme was implemented in India in the year 1952 in Kanpur and Delhi with a total coverage of 1.20 lakh workers at both the centres. Since the beginning of India's First Five Year Plan ESI scheme got a massive attention towards its implementation and successful operations all over India with a mutual coordination and correlation of employees, employers and the Governments. This scheme is

2. Agarwala, A.N., 'Insurance in India' Allahabad, 1960 p.480.

a tripartite scheme to which the above-mentioned parties contribute.

NEED OF THE ESI SCHEME :

Employees' State Insurance Scheme is a scheme of Social Security, it provides certain benefits to the insured industrial workers during their contingencies of sickness, maternity and employment injuries etc. The funeral benefit has also been introduced under the scheme. Before Independence, our industrial workers were lacking with a number of problems and difficulties. No such type of provisions were made available to protect the workers in their contingencies before the implementation of ESI scheme in the country, except a few measures were in operation which were not with full coverage of total risks faced by the workers.

To remove a number of problems of industrial workers and to grant them benefits to fulfil their basic needs and requirements the scheme was launched as "an integrated measure of social insurance embodied in the Employees' State Insurance Act and is designed to accomplish the task of protecting 'employees' as defined in the Employees' State

Insurance Act against the hazards of sickness, maternity, disablement and death due to employment injury and to provide medical care to insured persons and progressively to their families.”³

The aim behind ESIS is to grant benefits to the insured industrial workers from womb to tomb. In other words it may be said that ESIS is a dynamic concept which has the right approach towards raising workers’ standard of living as a fuller social security scheme in India.

Since the commencement of India’s Five Year Plans, much attention has been given to frame workers’ legislations in regards to solve their material requirements in the matters of their safety and health. To this effect the need of such a great scheme of social security was realized which can give a path to Socio-economic reform in the country, and this led to the birth of ESI scheme in India.

“The ESI Scheme initially covered only employees of non-seasonal power-using factories employing 20 or more persons. There is however, a built in provision for its extension to other establishments or classes of

3. “You & Your Scheme” ESIC Publication, New Delhi, January, 1977.

establishments industrial, commercial, agricultural or otherwise. The scheme is being progressively extended to cover employees in power-using factories employing 10 to 19 persons and non- power-using factories employing 20 or more persons and to commercial establishments".⁴ The scheme has now been extended and the following paragraph will show its coverage during the year 1997-98.

"It is being extended area-wise by stages. The Act contains a provision under which the "appropriate Government" (Central or State Government) is empowered to extend the provision of the Act to other classes of establishment; industrial, commercial, agricultural or otherwise. Under these provisions, most of the state Governments have extended the ESI Scheme to new classes of establishments. Such as shops, hotels, restaurants, cinemas, including preview theatres, road moter transport undertaking and newspaper establishments, employing 20 or more persons. After enforcement of provisions of the ESI (Amendment) Act. W.e.f.20th October, 1989 the Act is now applicable in the first instance to non-seasonal factories using power and employing 10 or more persons and non-

4. "You & Your Scheme", ESIC Publication, New Delhi, January, 1977.

power using factories and specified establishments employing 20 or more persons.”⁵

The foregoing discussion has made it clear that the ESIS has a good deal with the industrial workers to improve industrial relations and thereby promotes industrial harmony and peace through providing income security and health care to the workers covered under the scheme. The coverage of the employees has remarkably risen to 83.61* lakhs which is an increase of 6867.5 per cent compared to 1952 when the total coverage of the employees covered under the ESIC was recorded to 1.20 lakh only. In view of the evolution of the ESIS and its need the under mentioned discussion will however, highlight the objectives of the ESI Scheme.

OBJECTIVES OF THE ESI SCHEME :

The main objective of Employees' State Insurance Scheme is to overcome the various problems faced by the labour force in India. It is a well-known fact that ours is a developing country and the wages of our industrial workers are not sufficient to meet their uncertainties and hardships out of their meagre earnings.

5. ESIC Annual Report, 1997-98, New Delhi, p.xv.

* ESIC Annual Report New Delhi, 1997-98.

The Employees' State Insurance Scheme is purely of economic motives through which nation's prosperity can be achieved. The beneficiaries of ESIS are industrial workers registered* with the ESI Corporation through its local offices. The scheme, initially covered, only employees of non-seasonal power using factories having strength of at least twenty workers. Later the scheme got an amendment in its coverage and now the benefits are also extended in those factories or organizations that are using power and employing ten or more persons and non-power using factories employing twenty or more persons in some specified establishments. However, the Employees' State Insurance Scheme is an integrated step of social insurance of workers embodied in Employees' State Insurance Act, 1948 which has been designed to accomplish the task of protecting employees against the hazards of sickness, Maternity, and employment injury. The medical benefit including hospitality has also been extended to the family members of an insured person.

* The registered workers are treated as the insured workers under ESIS.

The scheme is mainly for the industrial workers and the motive through providing social security measures of ESI Scheme is to maintain and upgrade the economic conditions and socio-economic advancement in the country. These objectives of the scheme have been proposed to bring the industrial harmony and social justice to a greater extent. As has been discussed in preceding chapters that the ESI Scheme is purely based on economic ideas and principles and considers its application to the industrial workers covered under the scheme. To make workers free from any uncertainties or to minimize the contingencies and ill health with the provisions of the benefits provided to them, the said scheme can achieve the goal of socio-economic development in the country. ESI scheme being a Scheme of social security, thus, can be defined "as measures of cash and medical relief organised for the benefit of the victims of defined economic and biological contingencies".⁶

Moreover, it was also realised by the great economists that the scheme may prove as a first comprehensive scheme of social insurance in India, and

6. Bhatnagar Deepak, 'Labour Welfare and Social Security Legislation in India' Deep and Deep Publications, 1984, New Delhi, p.47.

pointed out that the ESI Scheme can have a direct relationship with the economic activities, Keeping in view the above cited definition the objectives of the ESIS seem quite clear and resulting in human's prosperity and industrial growth.

India being a developing nation needs a number of reasonable and effective economic thoughts to gear up workers' standard of living and health matters. Indeed, their individual resources do not permit them to meet a number of risks in and out of the course of employment. However, to cope with the problems and to meet with the workers contingencies the ESI scheme has open the doors to fulfil the requirements of workers in their health and income security matters.

In a sense, ESIS can be a useful device in regards to build up international standards of our work force as the experience shows that ESIS has been playing a dominant role in protecting industrial workers and their families. India can push its economic prosperity by providing such kind of security and justice to the beneficiaries.

The scheme under study has a wider scope in the modern industrial society which provides medical care and income security to the labour population covered under the scheme. It has already been discussed that the ESI Scheme is the first of its kind in South-East Asia and the first ever step towards the adoption of a comprehensive Social Security Scheme in the country having Socio-Economic thoughts and considerations to a maximum approach of rewarding and beneficial.

From the above discussion it can therefore, be asserted that the ESIS is administered only on economic motive and considerate the objectives to reduce employment risks with the benefits in cash and kind to our industrial workers and rather extends medical care to their families. "Hence, the need for some social security scheme is imperative in India, to provide against contingencies of life, as the workers have no reserves to support themselves, if any calamity occurs."⁷

The aforesaid discussion has clearly indicated that the need of the ESIS and its objectives were felt to benefit

7. Saxena, R.C., Labour Problems & Social Welfare, Pub. K. Nath & Co., Meerut, Nov. 1974, p.390.

the workers in their Socio-economic disaster to make this community safer and healthy.

With the above cited discussion, it has become inevitable to find out its implementation programmes in India covering a detailed study of the ESI Act 1948 and its importance to the industrial workers.

IMPLEMENTATION OF THE ESI SCHEME :

The Employees' State Insurance Scheme (ESIS) was felt necessary to be introduced nation wide by the Government of India keeping in view the problems of health and hazards faced by the workers in their working, living and family affairs. The ESI Scheme is a complete social insurance scheme which is first measure of its kind towards workers' livelihood. The Scheme is a compulsory contributory in nature. For the reasons, on the recommendation of various Committees & Conventions while submitting their reports to the Government of India, Government took initiative by introducing the Workmen's Insurance Bill in November, 1946 in the Central Legislation. The Bill was passed after a period of about one and an half years as the Employees 'State Insurance Act on 2nd April,

1948 and sought assent of the Governor General on 19th April, 1948. The Act was framed to provide certain benefits in terms of cash and kind in case of sickness, maternity and employment injury. The medical benefit provided to workers has now been extended to their families. The Scheme was designed to run on the contributory conditions so as to create mutual understanding among the employees, employers and the Government. The Scheme "introduced the contributory principle to cover those contingencies, provided protection against sickness, replaced lump-sum payments by pension in the case of dependents' benefit and place the liability for claims on a statutory organisation. Because of the vastness of the country and the considerable preparatory work involved such as provision of building, equipment and personnel, the scheme could not be implemented through out the country simultaneously. A plan for its phased extension to different places was drawn up. Transitory provisions which require payment of special contribution by all employers had to be introduced to meet the objection of the employers in covered areas that the ESI levy would affect their competitive position adversely. The contribution of employers in implemented areas was fixed at a rate higher

than that for employers in non-implemented areas. The scheme came into operation in Kanpur and Delhi on February 24, 1952.”⁸

The Scheme was inaugurated by the then Prime Minister of India Shri Pandit Jawahar Lal Nehru at Kanpur on 24.2.1952. The Scheme firstly implemented both in Kanpur and Delhi with a coverage of 1.20 lakh insured industrial workers simultaneously at both the centres. “The Rules and Regulations were also framed and, after inviting suggestions, were finalised. A Medical Survey was also undertaken to find out where dispensaries etc. could be set up in different states. In May 1950, it was decided that while allopathic system of medicine should be the main one, other systems of medicine should also be provided wherever possible. It was also decided to have the panel system of providing medical treatment through the service of private practitioners. Co-operation of employers and employees was invited for training of the staff for the implementation of the

8. Report of the National Commission on Labour, Government of India, 1969, pp.166, 167.

Scheme".⁹ Nobody can deny that during such span of time there was a great need of this scheme in view of certain basic requirements of the working class. It was felt that the scheme will be the best tool for assuring the workers through protection against risks of life. It has been found from our experience the scheme under study is comprehensive and strong in nature and would help in socio-development of the country.

THE EMPLOYEES' STATE INSURANCE ACT 1948 :

For the growth of industrialization, it seems necessary that the productivity consciousness should be developed among the workers that requires adequate provisions to be provided to them. Best possible protective provisions available to the workers create not only sound industrial relations but also for the socio-economic transformation of the country as "the labour force in our entire economic system is to be adequately enthused by the productivity movement so as to minimise production costs and maximise the out put qualities in the best interest of

9. Saxena, R.C., 'Loabour Problems & Social Welfare' Pub. K. Nath & Co., November, 1974, p.421.

national economy".¹⁰ To provide certain benefits to the working class particularly engaged in industrial organisations, the Government prepared a strategy of the measures through which the workers may be benefited in case of any employment injury and other uncertainties. The provisions are available under the Employees' State Insurance Scheme which is governed through the Employees' State Insurance Act 1948, but its enforcement was made through the implementation of the ESIS w.e.f.24th February , 1952.

EVOLUTION OF THE EMPLOYEES' STATE INSURANCE ACT:

The Employees' State Insurance Act, 1948 was the first ever and most effective measure in the field of health insurance and a comprehensive social security programme for the industrial workers in India. The Act provides need based insurance to the industrial employees and provides various benefits against sickness, maternity and employment injury. To have an ideal programme of Social Insurance in India various proposals were suggested from time to time and later on the matter was discussed regarding health

10. Lal, B.B., 'Industrial Productivity and Economic Growth', Allahabad, 1965, p.257.

insurance of industrial labour population in the Indian Legislature in the year 1927. After having discussed the ways and means, numerous conventions and conferences were held by the Government of India in this regard. International Labour Conference also considered the conventions regarding the health insurance of industrial Labour force in India. The Royal Commission on Labour also felt the growing requirements of health insurance for the same working class. The Commission in its Report (1931) recommended that a trial scheme of health insurance should be launched in India. During the time, the Government of India was not in favour to implement any of the such scheme under the pressure of certain unavoidable circumstances, like lack of finance and non-contributory situation of industrial workers. The labour Ministers' Conferences variously held during the years 1940-42 also discussed the need of health insurance for the workers and, thus, it was brought into consideration that some experts be appointed to chalk out a comprehensive scheme of health insurance. However, the then Government of India appointed Prof. B.P. Adarkar in 1943 in pursuance with the workout a scheme of health insurance for the industrial workers in a

detailed framework and suitable preparation. Prof. B.P. Adarkar submitted his Report in 1944 and recommended a compulsory and contributory health insurance scheme for industrial workers, on the request of the Government of India, the ILO nominated Mr. M. Stack and Mr. R. Rao as the Experts in 1945 to explore the recommendations made by Prof. Adarkar with due regard of Indian problems. The experts appreciated the Report and suggested two further modifications i.e. the scheme be extended to all the perennial factories and the integral role of the workmen's compensation Act and Maternity Benefit Act in the health insurance be emerged. The recommendations made by Prof. Adarkar and the experts suggestions were brought together and a Bill was introduced in 1946 known as Workmen's State Insurance Bill. The Bill further modified with the setting up of a select committee again amended the provision with the aim to cover all employees working in factories and changed aforesaid Bill as Employees' State Insurance Bill, which was converted into an Act known as "Employees' State Insurance Act". The scheme under the ESI Act has obligations to the industrial workers regarding their protection through providing them benefits in terms of cash

and kind during a spell of insecurity of loss of income and loss of employment. The significance of a scheme which can provide benefits was the main concern of India and on the basis of health insurance principle the Government of India passed the Employees' State Insurance Act in April 1948.

PROVISIONS OF ESI ACT, 1948 :

As has already been mentioned in the earlier discussion that the introduction of the ESI scheme in our country had been the genuine requirement of the hour for the betterment of working class of industrial establishments. To go on a systematic administration to run the ESI Scheme on sound lines the ESI Act, 1948 was introduced and later on the scheme was implemented in 1952. Since the beginning of the ESI Scheme it has been playing a dominating role through granting a number of benefits to the industrial labour force. The Act has prescribed certain protective measures and safe-guards for the industrial labour force. India's Five Year Plans have regarded their progress as a major objective of national programme. To analyse the performance and enforcement of the Act it seems necessary to look into certain aspects in some detailed way including

its scope and risks covered under the Employees' State Insurance Act.

The Act initially applies to the workers who have registered themselves under the ESI Scheme and, have also got insurance cards. "An employee in a perennial factory, in respect of whom contributions are or were payable under the Act and who is, by reason thereof, entitled to any of the benefits provided under the Act becomes an 'insured person'. The word 'employee', however, has a peculiar meaning under this Act. Its definition under the Act shows that clerical labour, workers who are engaged and/ or paid through contractors, and outworkers are covered by insurance, occasional, temporary, subsidiary, part-time, casual, *badli* or substitute workers, if they are in insurable employment, becomes liable to be insured".¹¹

SCOPE OF THE ACT :

The Employees' State Insurance Act was initially designed to apply to all factories (as defined in the Factories Act) including the public undertaking other than seasonal factories. But with the recent amendment in the Act the

11. Punekar, S.D., 'Social Insurance for Industrial Workers in India', Pub. Oxford University Press, 1950, p.147.

scope of the Act has been extended to the seasonal factories also. By the end of March 1998 the Act had been extended to about (83.6)¹² lakhs of industrial workers in (640)¹³ Centres spread all over India. The total number of family (insured persons) units so far covered 90.95 lakhs consisting over (3.52)¹⁴ crores beneficiaries including the insured persons. In view of the above cited data the scheme has been gradually extended under the Act and is progressively working for the health care and better nourishment of the workers under coverage and on the other side industrial harmony is being maintained to a great extent. It is further expected that the scheme will cover the workers of other sectors and hoped to play more dominating role in the years to come. To enlarge the scope of the Scheme some necessary amendment in the ESI Act, 1948 are to be given due considerations to simplify the procedure of granting benefits and the recovery of contributions. At this juncture the study will cover a detailed discussion on the benefits under the ESI Act to analyse an over all picture to this effect.

12. ESI-Annual Report, 1997-98, New Delhi, p.xviii.

13. Ibid.

14. Ibid.

RISK COVERED UNDER THE ESI ACT:

The preceding discussion reveals that the scope of the ESI Act though initially was limited to a certain extent but under the compelling circumstances the provisions under the scheme have been extended beyond that limit. The scheme under the Act is of vital importance for the reasons that it covers a large number of employees registered under the scheme who are provided a number of benefits of different nature in view of their present and future requirements. Such benefits have their direct or indirect effects on the standard of living of the workers in particular and the socio-economic transformation in general. The Employees' State Insurance Act was designed to provide cash benefits in the case of Sickness, maternity and employment injury, payment in the form of pension to dependants of workers who died of employment injury and medical benefit to workers and their family members. The benefits covered under the scheme would be discussed in a detailed way so that the discussion may give an over all procedure of each benefit provided to the industrial workers.

1. SICKNESS BENEFIT :

Sickness Benefit means to provide health necessitating medical treatment and attendance and abstention from work on medical grounds. Sickness benefit is paid periodically to an insured person in case his sickness is certified by a duly appointed medical practitioner. To claim sickness benefit an insured person becomes qualified when he fulfills contribution conditions during any benefit period. The weekly contribution should have been paid in respect of an insured person in the corresponding contribution period for not less than 13 weeks. In other words, if weekly contributions in respect of him were payable for not less than two-third of the number of weeks during which he was available for employment during the preceding six months, subject to a minimum of thirteen weekly contributions. The daily rate of sickness benefit during any period is the "standard benefit rate" the table given below shows the average daily wage of a person during the corresponding contributions period and is roughly half of the daily wage rate. In other words the Sickness benefit rate is approximately equivalent to 50 percent of the daily wages of an insured person.

TABLE-1
Table Showing Different Slabs of Daily
Standard Benefit Rates

(Group of Employees) Average Daily Wages Above Rs. Below Rs.		Corresponding Daily Standard Benefit Rates
	Rs. 6	Rs. 2.50
Rs. 6	Rs. 8	Rs. 3.50
Rs. 8	Rs.12	Rs. 5.00
Rs.12	Rs.16	Rs. 7.00
Rs.16	Rs.24	Rs.10.00
Rs.24	Rs.36	Rs.15.00
Rs.36	Rs.48	Rs.20.00
Rs.48	Rs.64	Rs.28.00
Rs.64	Rs.80	Rs.36.00
Rs.80	Rs.96	Rs.44.00
Rs.96	and above	Rs.53.00

Source : ESI Guide Book for Employers, issued by the ESIC, New Delhi, 1994, p.35.

As far as the duration of sickness benefit is concerned presently the worker avails for a maximum period

of 91 days in any two consecutive benefit periods. Benefit is not paid for an initial waiting period of 2 days unless the insured person is certified sick within 15 days of the last spell in which sickness benefit was paid. "The sickness benefit rate is about equivalent to fifty percent of the daily wages of an insured person. After availing sickness benefit for 91 days an insured person is fully entitled to an extended sickness benefit for a further period of upto 309 days and a maximum of two years in deserving cases".¹⁵

Extended Sickness cash Benefit is paid for prolonged illness for the following diseases :-

1. Tuberculosis
2. Leprosy
3. Mental Diseases (Psychoses).
4. Malignant Diseases,
5. Paraplegia.
6. Hemiplegia,
7. Chronic Congenitive heart failure.
8. Immature cataract with vision 6/60 or less in the affected eye.
9. Bronchiectasis.

15. ESIC-Annual Report 1997-98, New Delhi, p.xvi.

- 10 Lungabscess
11. Myocardial infarction.
12. Dislocation and prolapse of intervertebradisc.
13. Parkinson's disease.
14. Aplastic Anaemia,
15. Cirrhosis of liver with ascites,
16. Detachment of retina,
17. Non-union or delayed union of fracture
18. Empyema,
19. Intra-cranial space occupying lesion,
20. Spinal cord compression.
21. Chronic (Simple) primary glaucome and
22. Monoplegia.¹⁶

Further it was decided by the ESI corporation to include a list of the following diseases:-

“Seven more long term diseases have been added to the existing list of 22 diseases qualifying for extended Sickness Benefit. This was approved by the Medical Benefit Council in its meeting held on 22.05.1992”.¹⁷ Following are

16. Cash Benefits, ESI Scheme, ESIC Publication, New Delhi, Silver Jubilee (1952-77).

17. ESIC Annual Report 1992-93, New Delhi, p.84.

the seven long term diseases which have been included in the list of above mentioned twenty two discuses.

1. "Cardiac Valuntor Disease with failure/ Complications,
2. Chronic Rental failure,
3. Hamiparesis of more than eight weeks duration,
4. Post trauematic surgical amputations of lower extremity,
5. More than 50% Burns with infection,
6. Compound fracture with Chromic osteomyelities,
7. Chronic corpulmonole with congestive Heart Failure."¹⁸ .

In addition, extended sickness benefit may also be sanctioned by the prescribed authority, in case of any specific disease or special circumstances on the recommendation of the specified authority. Except in case of disability from administration of drugs/injections, provided insured person is in continuous employment for a period of 2 years and fulfill contributory conditions. The daily rate of

18. ESIC Annual Report 1992-93, New Delhi, p.84.

Extended Sickness Benefit has been enhanced from 25% to 40% more than the existing one w.e.f. 1.4.94.

As per existing rules the Extended Sickness Benefit is payable for 124 days initially which may be extended upto 309 days in chronic cases sanctioned by the prescribed authority together with the further a benefit of 91 days is also allowed together with aforesaid benefit. Enhanced Sickness Benefit is granted to the insured persons for the purpose of sterilisation. The benefit under discussion at twice the ordinary Sickness benefit rate the full daily wages for 7 days and 14 days for *vasectomy* and *tubectomy* operations respectively. The contributory conditions for this benefit is applicable as in case of Ordinary Sickness Benefit (OSB). The benefit is without application of the two days waiting period and is in addition to the 91 days Sickness benefit during a period of one year.

To receive sickness benefit an insured person should submit his claim supported by a Medical Certificate issued by an "Insurance Medical Officer or Insurance Medical Practitioner"¹⁹ in the appropriate form. The

19. Insurance Medical Officers and Insurance Medical Practitioners are appointed by the ESIC.

Corporation is, however, empowered at its discretion to accept any other certificates also. The Medical Certificates are issued at intervals of not more than seven days, except in case of prolonged sickness where special Intermediate Certificate may be given at the interval of not exceeding 4 weeks. The Claim Form is a declaration in regard to abstention of the claimant employee from the work during the period he claims. The Claim Form should bear signature or thumb impression of the claimant employee and should be submitted to the Local office personally, by post, through a massanger or by deposit in certificate boxes wherever provided etc. All claims for the said benefit should be preferably submitted to the Local Office within three days.*

2. MATERNITY BENEFIT :

Maternity Benefit is paid to an insured women for confinement or miscarriage or for sickness arising out of pregnancy. It is a cash benefit provided it is certified by the competent authority. Further she is entitled to obtain the maternity benefit subject to the regular contribution towards the fund.

*. (A) All relevant datas and dates have been extracted from ESIC Annual Reports of different years. (B) Booklets and Broachers of ESIC publications.

In case of confinement or miscarriage or medical termination an insured woman is paid maternity benefit at double the daily rate of standard sickness benefit rate for a total period of 12 weeks of which 6 weeks Pre-Natal and 6 weeks Post Natal only to those women employees who are insured and submit a required certificate. If a women worker needs the confinement benefit, she has to report with duly certified certificate by a Medical Officer or an Insurance Medical Praitioner.

Further, in case of death of an insured woman leaving behind the child, the claim for this benefit may be submitted by her nominee. The claim form should be submitted to her local office by her nominee as the case may be with an additional certificate of death. "A provision has also been made for payment of medical bonus amounting to rupees two hundred and fifty per case to insured women who do not avail medical facilities under the ESI Scheme for their confirment".²⁰

20. Employees' State Insurance Corporation Annual Report 1997-98, New Delhi, p.xvi.

3. DISABLEMENT BENEFIT :

The worker covered under the ESIS is entitled to receive disablement Benefit which is available for permanent or temporary, partial or total disablement as a result of employment injury during employment. The benefit includes medical treatment as well as cash benefit, which is about 70% of the wages as long as the temporary disablement lasts. The temporary benefit is provided for not more than 3 days excluding the day, the accident occurs. In case of total permanent disablement the life pension is given to an insured person at full rate about 70% of the daily average wage of the insured person. While in the event of partial permanent disablement a portion of it, is granted as life pension pertaining to circumstances and rules enforced for the purpose constituted by the Medical Board of the ESIC.

The daily rate of permanent disablement benefit does not exceed with the amount of Rs.1.50 per day if an insured worker assessed his permanent disablement as final, the worker can commute his pension at his option for a lump sum payment of disablement benefit (the permanent

disablement benefit is paid for the life-time of the beneficiary).

As a result of employment injury sustained by an insured employee the claim to receive disablement benefit is made on the following process.

A) Temporary Disablement :

Notice of injury sustained by an insured employee should be given to the employer either orally or in writing. The particular of the injury should also be mentioned in the Accident Book available in all factories covered under the ESIS. Besides it, a medical certificate of disability should also be received from the Insurance Medical Officer or Insurance Medical Practitioner. The claim form should be submitted by an insured person to his local office at the earliest. In the last and final stage a certificate should be received from the insurance Medical Officer and submitted his local office before resumption of duty in the factory.

B) Permanent Disablement :

In case of permanent disablement an insured person should submit his application to his Regional Office with detailed particulars regarding permanent effects of

employment injury, where loss of earning power has been assessed and communicated to the insured person, the disabled worker is required to submit a claim in the prescribed form to his local office. After his claim admitted, the beneficiary is required to submit a six monthly interval, a life certificate available in appropriate offices, it should be attested by an Insurance Medical Practitioner or by the authority duly appointed by the ESI Corporation.

“Commutation of periodical payments is permissible where the permanent disablement stands assessed as final and the daily rate of benefit does not exceed Rs.1.50 per day but the total commuted value of the lump sum, permanent disablement benefit does not exceed Rs.10,000/- at the time of commencement of final award of his/her permanent disability”.²¹

4. DEPENDENTS' BENEFIT :

Dependents' Benefit is meant for timely held for the dependents of an insured worker dying as a consequence of an employment injury. Following are the categories of beneficiaries who are eligible to get the benefit;

21. ESIC-Annual Report, 1997-98, New Delhi, pp.xvi-xvii.

- 1) The very first claimant as a dependent of the deceased insured worker is widow/widows during her/their life time or until she/they undertake (s) a second marriage.
- 2). Son or daughter of the deceased shall be entitled to receive Dependents' benefit upto the age of eighteen years provided that the benefit will be available or can be withdrawn if the daughter of an insured employee marries earlier.
- 3) Dependents' benefit shall be payable to the other specified dependents namely parent, grand parents etc. of the deceased if an insured employee dies without leaving behind a widow or eligible adopted daughter.
- 4) Legitimate son or daughter who is infirm and wholly dependent on the earnings of the deceased insured person shall continue to receive the benefit until the infirmly lasts.

The total divisible benefit is equivalent to the temporary disablement benefit rate i.e. 70% of the wage rate. The widow/widows share $\frac{3}{5}^{\text{th}}$ of the benefit and the

legitimate or adopted son and daughter $2/5^{\text{th}}$ each of the benefit. If the total benefit so divided exceeds the full rate, there is a proportionate reduction in the respective shares of the beneficiaries. However, for example an insured deceased employee leaves behind a widow two legitimate sons and two legitimate daughters, the total benefit would be distributed to the above cited family members of an insured deceased persons as under :

(i) Widow	$3/11$	of the daily benefit rate.
(ii) Each eligible son	$2/11$	
(iii) Each eligible daughter	$2/11$	

To receive dependents benefit the eligible person should submit the following documents at the local office of an insured deceased person.

- i) Claim should be submitted on a prescribed form available at local office;
- ii) Death certificate along with the details of employment injury to be certified by an Insurance Medical Practitioner as an evidence;

- iii) Proof of the relationship claimant with the deceased.
- iv) Evidence of date of birth and age of claimant be supported with available official record either school certificate or else;
- v) Certificate of infirmity from Medical Referee of any other prescribed authority (in case of legitimate infirm son or legitimate or adopted unmarried infirm daughter).

When the claim to dependents' benefit has been duly admitted, the beneficiary should submit a declaration at six monthly intervals that he/she is alive and has not married/remarried, so far and attained the prescribed age/continues to be infirm, as the case may be duly attested by the prescribed authority.

5. MEDICAL BENEFIT :

The more significant obligation of Employees' State Insurance Scheme is the Medical Benefit to the insured persons and their family members too where the facility has been extended to the families. The medical benefit which is facilitate in terms of kind, is disbursed to the insured

persons and their dependents in accordance with the rates as decided by the state Governments and the ESI Corporation. At present the medical benefit has been divided into three categories :-

(a) Restricted Medical Care :

It consists of out-patient care at dispensaries or panel clinics. In these institutions, facilities of consultation with the medical officers and supply of drugs and injections are available. In addition, prenatal and postnatal care, Family Planning and immunisation services are also available. The beneficiaries are also entitled to call a doctor to their houses to see a serious case.

(b) Expanded Medical Care:

This category of medical benefit consists of consultation with the specialists and supply of special medicines and drugs or may be prescribed by them. This also includes facilities for special laboratory tests and X-ray examinations.

(c) Full Medical Care :

The full medical care consists of hospitalisation facilities and includes all services of specialists' examinations, drugs and diet as are required for in patients.

Medical Benefit is available to an insured worker under the scheme and he/she is entitled to enjoy the above mentioned three categories. As far as his/her family is concerned, the benefit is available to them after the 13 weeks from the date of an employee becomes insured under the scheme. The facilities provided to the family members of an insured person varies from place to place.

Medical care is available to an insured person for a period of 9 months, if at least 13 installments of the contribution have been paid during the contribution period, insured person suffering from a serious disease is eligible for medical treatment for a further period of one year. In the event of an accident the medical benefit is granted to an insured person so long as he/she continues to receive temporary disablement benefit even if he/she is otherwise not eligible for medical benefit.

Insured persons are also provided artificial limbs, spinal supports, walking calipers, wheel chairs etc. However, medical benefit is provided free of any extra charge from the insured persons.

6. FUNERAL BENEFIT :

It was introduced in the year 1968 by the ESIC with an amount of Rs.100/-, further extended to Rs.1000/- on or after 01.02.1991. under this benefit a maximum amount of Rs.1500/- is payable to the eldest surviving member of the insured industrial worker as the funeral benefit w.e.f. 16.11.1996 till date. In case, the deceased was not living with his family or was family less, the benefit is payable to that person who actually incurred the relevant expenditure. The time limit is two years for submitting the claim. No contribution condition is required for funeral benefit. The deceased however, should have been an insured person.

7. REHABILITATION ALLOWANCE :

The Rehabilitation allowance is also admissible to the insured persons for the period an insured person remains admitted in an Artificial limb centre for the purpose of fixation, repair or replacement of the artificial limb at the

rate which conforms with the sickness benefit rate without any contributory conditions.

"The ESI Corporation (vide its Resolution dated 22nd December 1979) has decided to grant Rehabilitation Allowance to the insured persons."²² "The above benefit is payable with effect from 1 January 1980."²³ In the light of the above it would be a requirement of developmental planning towards Socio-economic system. The ESIC has adopted an essential welfare for our industrial workers covered under the scheme. The World Health Organization (WHO) defined rehabilitation as follows : "By rehabilitation is meant the physical and mental restoration as far as possible, of all treated patients to normal activity so that they may be able to resume their place in the home, society and industry".²⁴

An other step towards economic rehabilitation is a social security based programme which was introduced in 1994 by the ESIC for disabled workers as a Scheme of Vocational Rehabilitation "The objective of vocational

22. Bhatnagar Deepak, "Labour Welfare and Social Security Legislation in India", Pub. Deep and Deep, New Delhi, p.174.

23. Ibid.

24. Mariaraj, A., 'Enabling the disabled to stand on their feet', Yojana, vol.30, No.24, January 1-15, 1987, p.26.

Rehabilitation Scheme is to impart training in a few Select disciplines to desirous disable insured persons so as to enable them to earn an honourable living through gainful employment or self employment. This measure has also been taken with a view to helping this lot overcome any complexes of mental turpitude arising out of physical disablement and subsequent dependence".²⁵

The aforesaid discussion clears that the benefits provided under the ESIS, are very much appreciable from the employees welfare and help. The initiatives made by the Government and certain amendments made from time to time as per requirements and recommendation made by the Committees appointed by the Government and the ESIC in this regard are very much praiseworthy. Anyhow, all the benefits provided under this scheme are helpful to the workers and appreciable to ESIC.*

25. ESIC, Vocational Rehabilitation Scheme 1994.

- (A) All the figurative data mentioned in the foregoing paragraphs have been extracted from the various publications of the ESIC and
(B) ESIC Annual Reports of different years.

CONCLUSION :

In view of the expanded industrialization and to give the proper place to industrial employees, the steps taken by the Government in the establishment of the ESIS are worth while. The scheme was implemented in 1952 under a separate legislation; namely the ESI Act 1948. In the light of the discussions made in the aforementioned paragraphs and the conclusion draws that the ESIS is a fruitful scheme in the interests of not only the employees covered under the scheme but their families are also benefited simultaneously. The scheme, as it has been mentioned earlier, provides a number of benefits in cash and kind to the employees in case of their sickness, maternity, pension to dependents, injury arising out of and in the course of their employment, and Rehabilitation allowance, Funeral etc. One of the characteristic features of the ESIS is that it has been enforced in all over India with a few exceptions. According to ESIC Annual Report for the year 1997-98 the Scheme has now been implemented in 22 states and union Territories.

Additionally, as on 31st March 1998 the Employees, State Insurance Scheme covered 640 centres spread all over India with a coverage of 83.61 lakhs employees, 90.95 lakhs insured persons/family units showing total number of 352.90

lakhs beneficiaries since the inception of the ESI Scheme in the country.

The figure is too much heartening and proves an evidence of the popularity and satisfactory performance of the scheme. All the benefits are provided by the ESI Corporation through its local offices in cash except the medical benefit which is provided by the respective State Governments other than the Union Territory of Delhi where they are directly provided by the ESIC.

However, in brief it may be concluded that the evolution of the ESI Scheme was a sincere thought for Socio-economic upliftment of the workers in the country as a whole. The scheme is financed by means of employees, employers contributions for its smooth functioning, resulting in raising the standards of living of the employees. With few exceptions and inadequacies while disbursing the benefits the Scheme as a whole is the right path and I am of the opinion as a researcher that the ESI Act is a complete help and benefit to the workers and to the Industrialization in the Country.

It is pointed out that the scheme which is a sign of progress & development also creates better working sense to the workers upto the maximum satisfaction of the employees, employers as well as the Governments and to have an indepth study of the scheme through out the country it seems necessary to analyse the study of the working of the Employees' State Insurance Corporation (ESIC) which is the life blood of our next proposed chapter.

CHAPTER-IV

CHAPTER – IV

A Critical Appraisal of the Working of Employees' State Insurance Corporation

INTRODUCTION :

It has been discussed in the preceding chapter that the Employees' State Insurance Scheme is a plan to protect the industrial workers during their economic and biological contingencies. The purpose of the ESIS is to restore working capacity of the workers covered under the ESI Scheme by ensuring them a Security of income and medical help. The first attempt towards the health insurance to industrial labour force in India was result of ESI Act 1948. The health insurance Scheme was launched as a conscious and deliberate programme in the early fifties.

Since the inception of the scheme there has been a gradual development in the coverage and the working of the scheme through the Employees' State Insurance Corporation all over the country. The detailed arguments made in the preceding

chapters has high-lighted the economics of Social Security Schemes, rationale of Social Security Schemes and the evolution of Employees' State Insurance Scheme in India.

To elaborate the working of the scheme it seems necessary to give a brief history of the Employees' State Insurance Corporation (ESIC) which is the main organisation governing and controlling body of the ESIS in the country. As the ESIC is the mother organisation to formulate and operate the ESIS through out the country, therefore, the ESIC has its own significance and has been playing a dominating role as a Socio-economic reformer in the country to a great extent.

To undertake the proposed study of the working of the Employees' state Insurance Corporation in this Chapter the administrative set-up of the ESIC is necessary to discuss.

ADMINISTRATIVE SET-UP OF THE ESI CORPORATION:

The task of nation building and to safeguard the working masses involves a role of primary importance for the developing and under-developing countries. India being a developing one has given a remarkable attention to attain the

goal of full economic reform through the implementation of ESIS. To run this insurance Scheme meant for industrial workers through out India, the role of Employees' State Insurance Corporation in this direction has earned a satisfactory progress in order to provide proper opportunities to the working masses and their families.

The success of any scheme depends on the smooth functioning and quality of administrative set-up of its governing body. Any study remains incomplete unless its administrative machinery could be discussed. Since the ultimate aim of the ESIS is to provide benefits to its members under its coverage, hence, its administrative setup should be on effective lines to run the scheme on progressive route.

To administer the ESIS the Employees' State Insurance Corporation which was set up on 1st September 1948.¹ To maintain a proper administration of the scheme the ESI Act has initiated to establish three institutions namely :

1. Punekar, S.D., "Social Insurance for Industrial Workers in India", Pub. Oxford University Press, Bombay, 1950, p.148.

- i) Employees' State Insurance Corporation
- ii) Standing Committee of the ESIC and
- iii) Medical Benefit Council.

The main administration of the ESI Scheme has been entrusted to the ESI Corporation which is an autonomous body among the above mentioned three institutions. The ESIC having a perpetual succession and a common seal over the health and welfare scheme. In this way "the Corporation may said to be the parliament of the Social insurance administration".² The idea effects on the powers entrusted to the ESI Corporation and confirms its supremacy over the ESI Scheme. However, in the course of law any suit may be fixed by the Corporation and as well against the Corporation. As far as the scope of the Corporation is concerned, the Act does not speak in this regard and thus, the Corporation has the general administrative capacity and fully empowered to run the Scheme, to promote the social insurance scheme on the lines to satisfy industrial workers covered under it.

2. Punekar, S.D., "Social Insurance for Industrial Workers in India", Pub. Oxford University Press, Bombay, 1950, p.149.

Secondly the standing Committee of the Corporation is the executive of the administration, which is elected from among the members of the ESI Corporation, with the help of the Corporation staff, the members of the Standing Committee are obliged to see the decision taken by the Corporation are carried out and followed to ensure an efficient and smooth functioning of the ESI Scheme.

To seek advice on the matters related to the medical benefit and its administration, the Medical Benefit Council (MBC) is the third and final institution, which is more or less a specialised body. The M.B.C. is also authorised to certify the purpose of the grant of benefits and other related matters, to exercise in investigation of any complaint made by any concerned person in regards to medical treatment and attendance etc. Hence, MBC is exclusively responsible in connection with the medical care and treatment.

The ESIC has the powers to decentralise the administration to appoint Regional Board, local Committees

and Regional and local Medical Benefit Council for smoothening the administration of the scheme.

The following are the members of the administrative Body:-

MEMBERS OF ADMINISTRATIVE BODIES :

The ESI Corporation is a autonomous body and possesses administrative and financial autonomy with a composition of representatives from the Central Government, the State Governments, Union Territories, employers, employees, profession and the Parliament. Thus, the ESI Corporation has a key position to administer the scheme with a view to promote welfare measures in regards to health, welfare, rehabilitation and re-employment to the persons covered under the scheme. The Constitutional Composition of the representatives of the ESI Scheme on 31st March, 1998 is as follows :-

CONSTITUTIONAL COMPOSITION OF THE CORPORATION :

- a) a Chairman to be nominated by the Central Government;
- b) a Vice-Chairman to be nominated by the Central Government;
- c) not more than five persons to be nominated by the Central Government.
- d) one person representing each of the states in which the Act is in force to be nominated by the Concerned State.
- e) one person to be nominated by Central Government to represent Union territories;
- f) five persons representing employers to be nominated by the Central Government in consultation with such organisations of employers as may be recognised for the purposes by the Central Government.;
- g) five persons representing employees to be nominated by the Central Government after getting consultations with the employees' Organization;

- h) three persons of the Parliament, of whom two shall be the member of the Lok Sabha and one shall be the member of Rajya Sabha; and
- i) two members representing the medical profession to be nominated by the Central Government after Consultation with the medical practitioners organizations.

CONSTITUTIONAL COMPOSITION OF THE STANDING COMMITTEE :

The standing Committee of the ESI Corporation has its composition as follows :

- a) a chairman nominated by the Central Government; Ex-officio of the Corporation.
- b) three members of the Corporation nominated by the Central Government.
- c) three nominees of the State Government nominated by the Central Government :-
- d) following eight members elected by the Corporation from among the members of the Corporation-

- i) Three representatives of employers
- ii) Three representatives of employees
- iii) One representative of Parliament, and
- iv) One representative of Medical Profession

CONSTITUTIONAL COMPOSITION OF MEDICAL BENEFIT COUNCIL :

The third administrative body of the ESI Corporation is called Medical Benefit Council (MBC). The Medical Benefit Council is constituted by the Central Government consists the following members :

- a) The Director General, Health Services, ex-officio, as Chairman;
- b) A Deputy Director General, Health Services, to be nominated by the Central Government.
- c) The Medical Commissioner of the Corporation, ex-officio;

- d) The member each representing each of the State other than Union Territories in which this Act is in force to be nominated by the State Government concerned.
- c) Three members representing employers to be nominated by the Central Government in Consultation with such organisations of employers as may be recognised for the purpose of the Central Government;
- f) Three members representing employees to be nominated by the Central Government in consultation with such organization for the employees as may be recognized for the purpose of Central Government, and
- g) Three members, of whom not less than one shall be a women, representing the medical profession, to be nominated by the Central Government in Consultation with such organizations of medical practitioners as may be recognised for the purpose by the Central Government.

According to the Annual Report 1997-98 of ESI Corporation, the Corporation consists in all 52 members 10 members representing employers and 10 representatives of

Employees' Organizations. The other members represent the Central and the State Governments in which the ESI Act is in force, the medical profession and the members of the Parliament. The Minister of State for labour is the Chairman and the Secretary Ministry of Labour is the Vice-Chairman of the ESI Corporation. Director General of the Corporation is the ex-officio member.

Standing Committee of the ESI Corporation is an Executive of the Corporation elected among the members of the Corporation. The task before the standing committee is to ensure the administration of the Corporation in regards to the decisions taken by the Corporation with the help of the ESI Corporation Staff.

As per the Annual Report of the ESI Corporation, 1997-98 total members in the Standing Committee are 15, a Chairman, 3 members representing Central Government and 3 representatives of the State Government, the other members represent employers' and Employees' Organisations.

representative of Medical profession and the Director General of the Corporation is the Ex-officio member.

Medical Benefit Council is the third administrative body of the ESI Corporation which has to advice the Corporation on the subject of medical benefit and the approval in connection with the grant of medical benefit to the beneficiaries. In the Annual Report of 1997-98 there are 31 members in Medical Benefit Council, the Director General of Health Services, Government of India (Ex-officio) Chairman, the Deputy Director General of Health Services, the Medical Commissioner of the Corporation (ex-officio) and 19 representatives of State Government, 3 representatives each from employers' and Employees' Organisations and 3 members representing medical profession.

SOURCE :

Deepak Bhatnagar, "Labour Welfare and Social Security Legislation in India", Pub. Deep and Deep, New Delhi, 1984, pp.131-32.

Ibid, p.137

Ibid, pp.138-39.

Sethi R.B. and Dwivedi R.N. "Law of Employees' State Insurance", Pub. Law Book Co., Allahabad pp.283-84.

Ibid, p.288.

Ibid, pp.291-92.

ESIC, Annual Report 1997-98, New Delhi.

TABLE NO.-I

The following table shows the members of representatives of the ESI Corporation, Standing Committee and Medical Benefit Council as on 31st March, 1998.

Representation given to :	Corporation	Standing Committee	Medical Benefit Council
Central Government	7*	4**	3***
State Governments	21	3	19
Union Territories	-	-	-
Employers	10	3	3
Employees	10	3	3
Medical Profession	2	1	3
Parliament	1	-	-
Ex-Officio Member	1	1	-
Total	52	15	31

* Including the Chairman and the Vice Chairman.

** Including Chairman.

*** Including the Chairman, Deputy Director General & Medical Commissioner.

Source : ESIC Annual Report, 1997-98, New Delhi.

The Chief Executive Officer of the ESI Corporation is the Director General assisted by four other Principal Officers namely, the Insurance Commissioner, the Medical Commissioner, the Chief Accounts Officer and the Actuary, the Director General of the Corporation functions through a network of Regional and Local Officers. The ESI Regulations, 1950 prescribed the constitution of Regional Boards and has clarified their functions.

To disburse the benefits to the insured persons the role of local offices is of great importance. The day-to-day contact is undertaken by the local offices which are run by their Regional Offices at the State Level situated in each state. The over all supervision of the local offices is done by its Regional Office. The Regional Office of the State also undertakes certain direct functions in regard to implementation of the ESI Scheme. The functions of the Regional offices are mainly to collect contributions, enforcement of the provisions of the Act, to supervise the local offices in their working and also helps in their new coverage.

The above paragraphs remains incomplete unless the powers and the duties are not mentioned :

POWERS OF THE ESI CORPORATION :

The ESI Corporation has been empowered to take steps with a view to enhance the provision of the ESI Scheme under ESI Act as the Corporation works through its standing committee. The Standing Committee is fully authorised to undertake either by its own or through delegation of its power to the Director General, who is the Chief Executive Officer of the ESI Corporation.

The following matters which can be referred to the Corporation for its decision :

- a) regulation under section 97 and amendment, there to before final publications;
- b) any measure proposed under Section 19 of Act;
- c) any proposal to extend medical benefit to families under sub-section (2) of Section 46;
- d) any dispute proposed to be referred to arbitration under sub-section (4) of Section 58;
- e) any proposal to set up hospitals under section 59;

- f) any proposal to grant exemption section 91
- g) any proposal to enhance benefits under section 99;
- h) any other matter which the Corporation or its Chairman may direct the standing committee of or the Director General to place before the Corporation.³

POWER OF THE STANDING COMMITTEE :

The Standing Committee of the ESI Corporation had been constituted to administer the affairs of the Corporation according to rules and regulation framed by the Corporation supervised by the Corporation. The standing Committee has the following powers

- a) the Standing Committee is the administer the general superintendence and Control of the Corporation. The Standing Committee shall administer the affairs of the Corporation and may exercise any of the power and perform any of the function of the Corporation.
- b) the Standing Committee shall submit for the consideration and decision of the Corporation all such

3. Employees' State Insurance (General) Regulations, 1950, Regulation, 9, ESIC Publication, New Delhi, 1969.

cases and matters as specified in the regulations laid down in this behalf.

- c) the standing Committee in its discretion, may submit any other case or matter for decision of the corporation.⁴

POWER OF MEDICAL BENEFIT COUNCIL :

As has already been discussed the Medical Benefit Council is an advisory Council which helps the Corporation in the matters related to medical benefits given to the insured persons and their family members. The M.B.C. under Section 22 of the ESI Act is to advise the corporation or the standing committee on the matters given below :

- a) matters relating to the administration of medical benefits.
- b) matters relating to the certification for purpose of the grant of benefits; and
- c) other connected matters.

4 . Section 18, the ESI Act, 1948 (34 of 1948) Ministry of Law, Justice and Company Affairs, Government of India, New Delhi 1978.

Puri, S.K. "An Introduction to Labour and Industrial Laws", Allahabad, 1980, p.286.

The Medical benefit Council is an advisory body which generally advises the corporation or the standing committee on the matters relating to the administration of Medical benefit, matters relating to the certificate for purposes of the grant of medical benefits and its other allied matter of the same nature. The Council has to perform such duties as may be prescribed in relation to complaints against medical practioners in connection with the attendance and medical treatment. Such duties have been specially mentioned in Regulations.

The following powers and duties have been laid down in Rule 14 of the ESI (Central) Rules, 1950.

- i) to advise the computation in regard to constitution setting up, duties and powers of the Regional and Local Benefit Councils;
- ii) to make recommendation to Corporation with regard to;
 - a) the scale and nature of medical benefit provided at hospitals, dispensaries, clinics and other institutions and the nature and extent or medicines, staff and equipment

which shall be maintained at such institutions and the extent to which these facilities fall short of the desired standard;

- b) the medical formulary for the use in connection with the medical benefits provided under the Act;
 - c) medical certification, including the proce and forms for such certification, statistical returns, registers, and medical records;
 - d) measure under-taken for the improvement of the health and welfare of injured persons, and the rehabilitation, re-employment of the injured persons, disabled or injured.
- iii) To advise the corporation on any matter relating to the professional conduct of any medical practitioner employed for the purpose to provide medical benefit under the Act.⁵

5. Puri, S.K. "An Introduction to Labour and Industrial Laws", Pub. Law Publishers, Allahabad, 1980, p.287-88.

It is evident from the aforesaid discussion that the ESI scheme in our country is operated and managed by the three main bodies i.e. Employees' State Insurance Corporation (ESIC), standing Committee (S.C.) of the ESI Corporation and Medical Benefit Council (M.B.C.) of ESI corporation.

The main governing body among these three, is the ESIC which is entirely empowered by the ESI Act to run and administer the scheme smoothly through the regional and local offices scattered throughout India. As far as supreme authorities in the whole functioning of the scheme are concerned they are five in number, holding their offices in their areas of specialization in the interest of whole the scheme. Therefore, the duties and powers of the aforesaid authorities are worthy of consideration and it seems necessary to discuss them in brief.

PRINCIPAL OFFICERS :

After going through the administrative bodies of the ESI Scheme their duties and powers in regards to run the ESI Scheme on sound lines, it is inevitable to discuss the Principal

Officers of the Corporation through which the scheme is administered in India. "The Principal Officers shall exercise such powers and discharge such duties as may be prescribed. They shall also perform such other functions as may be specified in the regulations".⁶ The executive responsibility exists with the (A) Director General of the ESI Corporation who is an ex-officio of the Corporation and assisted by other principal officers namely: (B) Insurance Commissioner, (C) Medical Commissioner, (D) Chief Accounts Officer and (E) Actuary.

POWERS AND DUTIES OF PRINCIPAL OFFICERS :

A) DIRECTOR GENERAL :

Following are the powers of the Director General as laid down in Rule 16⁷ framed under the provisions of the Act shall be.⁸

- 1) to act as the Chief Executive Officer of the Corporation;

6. The ESI Act, 1948, (34 of 1948), Sec. 23.

7. ESI (Central) Rules, 1950, Rule 16.

8. Section 23, The ESIC Act, 1948.

- 2) to Co-ordinate, supervise and control the work of the other principal officers;
- 3) to convene under the orders of the Chairman, meetings of the Corporation, the Standing Committee, and the Medical Benefit Council in accordance with the Act and Rules and implement the decisions reached at the meeting;
- 4) to enter into contracts on behalf of the Corporation in accordance with the Act or the Rules or the Regulations made thereunder, or the general or special instructions of the Corporation or the Standing Committee;
- 5) to furnish all returns and documents required by the Act or the Rules to the Central Government and to correspond with the Central Government and the State Governments upon all matters concerning Corporation; and
- 6) to undertake such other duties and to exercise such other powers as are entrusted or delegated to him.

B. INSURANCE COMMISSIONER :

Insurance Commissioner is the second principal officer of the ESI Corporation, he has been placed under the control and supervision of the Director General. Following are the powers and duties of Insurance Commissioner as laid down in Rule 17⁹ framed under the provisions of the ESI Act :

- 1) to arrange for the establishment of Insurance and Regional Offices for the administration of the Act;
- 2) to arrange for the inspection of subordinate officers;
- 3) to investigate all complaints referred to by the Regional Boards and Local Committees;
- 4) to undertake such other duties and to exercise such other powers as may, from time to time be entrusted and delegated to him.

⁹. ESI (Central) Rules, 1950.

C. MEDICAL COMMISSIONER :

Medical Commissioner is the third principal officer has also been placed under the control and supervision of Director General of the Corporation. The powers and duties assigned to the Medical Commissioner as laid down under Rule 18¹⁰ of the provisions of the ESI Act are as follows :

- 1) to supervise, direct and coordinate the working of the medical organization of the Corporation;
- 2) to advise on the layout, planning and construction of hospitals and dispensaries and in regard to sickness recording;
- 3) to examine the records of sickness and accident and to suggest measures for improving health conditions in areas where the Act is in force;

10. ESI (Central) Rules, 1950.

- 5) to arrange for the inspection of hospitals, dispensaries, clinics and other institutions where medical benefit under the Act is provided by the State Government, the Corporation or the employer;
- 6) to advice regarding the adequacy of medical treatment provided by the factories or establishment applying for exemption;
- 7) to investigate complaints made by the insured persons with regard to medical benefit;
- 8) to advise forms and registers for keeping the records of insured persons by institutions where medical benefit under the Act is provided;
- 9) to make adequate arrangements for providing medical benefit to insured persons (where such benefit is extended to families); their family in places where the corporation has been entrusted by the state Government to provide for medical care under the ESI Act 1948; and

- 10) to undertake such duties and exercise and other powers as may, from time to time, be entrusted or delegated to him.

D. CHIEF ACCOUNTS OFFICER :

Chief Account's officer of the ESI Corporation is the fourth principal officer; he has also been placed under the control and supervision of the Director General of the Corporation. The powers and duties of Chief accounts officer as laid down in Rule 19 framed under the provisions of the ESI Act, are :

- 1) to maintain the accounts of the Corporation and to arrange for the compliance of accounts by the collection of returns from centres and regions;
- 2) to prepare the budget of the Corporation;
- 3) to make recommendations for the investment of the funds of the Corporation; and

- 4) to undertake such other duties and to exercise such other powers as may from time to time be, entrusted and delegated to him.¹¹

E. ACTUARY :

The Actuary is the fifth principal officer of the Corporation. He has also been placed under the Control and Supervision of the Director General of the Corporation. His powers and duties as laid down in Rule 20 framed under the provisions of the Act are :

- 1) to collect, compile and analyse statistics relating to the working of the Corporation;
- 2) to advise the Director General on all actuarial and statistical problems relating to the working of the Corporation;
- 3) to detect and prevent excessive claims; and

11. ESI (Central) Rules 1950, (as modified upto 31.1.65) Rule 19, Department of Social Security, Govt. of India, New Delhi, p.9.

- 4) to undertake such other duties and exercise such other powers as may, from time to time, be entrusted or delegated to him.¹²

The above discussion reveals that the ESI Corporation is one of the effective measures in the interests of the industrial worker covered under the scheme. The scheme though implemented throughout the country but, its entire management and control vests in the hands of ESI Corporation which is a supreme autonomous body assisted by the standing committee and medical benefit council. The top authorities involved in the formation and implementation of the scheme along with the administrative obligations, are Director General, Insurance Commissioner, Medical Commissioner, Chief Accounts Officer and Actuary who possess prescribed qualifications to discharge their duties efficiently.

The supreme authority to regulate the ESI Scheme is the ESI Corporation, but on account of width and length of the area of operation of the Scheme the administration is further

12. ESI (Central) Rule, 1950 (as modified upto 31.1.65) Rule 20, Department of Social Security, Govt. of India, New Delhi, p.9.

decentralized through subordinate officers and staff. The entire working areas have been divided into “17 Regional Offices, 4 sub-Regional Offices, 626 Local Offices, 167 pay Offices and 310 Inspection Offices, functioning in the States and Union Territories for the administration of Cash benefits, revenue recovery, implementation of the scheme in new area and inspection of factories and establishments by the ESI corporation”.¹³

FINANCIAL RESOURCES AND CONTRIBUTION :

The Employees’ State Insurance Scheme in the country is mainly financed by the Employees’ State Insurance Fund which is derived from contribution of the Central Government, State Governments, Employees and Employers. Besides, money is also received in the form of donations and gifts from Central Government, State Governments any individual or body. The Central Government allocates an annual grant to the ESI Corporation to run the Scheme and to incur the administrative expenditures of the ESIC. Similarly the State Governments also

13. ESIC Annual Report, 1997-98, New Delhi, p.59.

allocate share in financing the scheme by taking responsibility of medical care and treatment of the insured industrial workers covered under the scheme. The share of State Governments is in a proportion decided through an agreement by the Corporation, hence, the Corporation has to bear the cost of sickness benefit, maternity benefit, disablement benefit and dependents' benefit, all in cash, and a predetermined ratio of administrative expenses and of medical care and treatment of the insured workers other than the contribution deducted from the Central Government, State Governments, Employees and Employers. The Contributions paid under the ESI fund is to be deposited into the Reserve Bank of India or any other Bank duly approved by the Central Government. An authorised official by standing committee with the approval of the Corporation has to operate the account of the Corporation under the provisions of the Act.

Moreover, the ESI Fund is utilized to disburse the benefits and to meet the provisions of the medical treatment to the insured persons and their families as per rules. Besides, the fund is to run the ESI Scheme its organisational circle through

which the scheme is operated throughout the country and is also utilized for the payment of salaries to the whole staff of the Corporation. It will not be out of place to mention mode of contribution through which the ESI fund is collected and the whole scheme functions.

The Employees' State Insurance Act provides for the insurance of all persons working in factories or establishments covered by the Act.¹⁴ Any factory or establishment covered under ESI Act is liable to contribute for the ESI Scheme. The contribution is made by the employees and employers towards ESI Corporation. The contributions made by the employees and employers are at the rate in accordance with their proposed ratio as per the Statutory provisions. The employee's share of contribution is deducted out of his wages by the principal employer. The contribution which is payable by an employee and the employer as well as the total of both have been laid down in Table-II. "The scheme is mainly financed by contribution from employers and employees. The employers

14. The ESI Act, 1948, Section 39.

contribute 4.75 per cent of the wages payable to the coverable employees and the employees contribute @ 1.75 per cent of their wages towards the Scheme. Employees in the lower wage group and in receipt of average daily wages upto Rs.25 per day are not required to contribute; the employers, however, contribute this part of the share in respect of such employees also. The State Governments Contribute a minimum of 12.5 per cent of the total expenditure on medical care in their respective states".¹⁵

15. ESIC Annual Report, 1997-98, New Delhi, p.xv

TABLE NO. II

Following is an example of the Contribution of employee's as well as employers contribution for their month's wages.

Name	Wage Paid Or Payable	Employee's contribution @ 1.75%	Employer's contribution @ 4.75%	Total contribution amount
1. Mr. Jhohn	2880	50.40	136.80	187.20
2. Mr. Babu Lal	1750	30.62	83.12	113.74
3. Mr. Ram Kumar	950	16.62	45.12	61.74
4. Mr. K. Rajan	6450	112.87	306.37	419.24
5. Mr. Veer Singh	3280	57.40	155.80	213.20
6. Mr. M. Rahman	2600	45.50	123.50	169.00
7. Ms. Rani Devi	800	14.00	38.00	52.00
8. Ms. Santosh Bali	640	-	30.40	30.40
	19350	327.41	919.11	1246.52

Employees Contribution Rs.327.41

Employers Contribution Rs.919.11

Total Contribution Rs. 1246.52. Rounded to next higher Rupee i.e. Rs.1247.00

Source : Compiled by the Researcher.

Table II shows employee's and employer's contribution which is payable in respect of employees of a factory/establishment from their month's wages bill. The table in question indicates the employee's contribution @ 1.75 per cent and the employer's contribution @ 4.75 per cent as per ESIC Annual Report 1997-98. From time to time the Act has

been revised due to rise in the cost of living and the revision of wage ceiling. The table under discussion further reveals that Ms. Santosh Bali being a monthly paid worker, her wages, when divided by 26 fall below Rs.25/- per day. Hence no employee's contribution is payable by her.

As per ESIC Annual Report for the year 1997-98 Employee of covered factories and establishments in receipt of wages not exceeding Rs.6500/- per month are covered under the ES1 Act in areas where the Scheme has been implemented over the years. The table under discussion further indicates that Mr. K. Rajan has his wages of Rs.6450/-, which is as per wage ceiling limit and does not exceed as per rules given above. Similarly the data fixed in table under review shows that on total wages the employees' contribution accounted for Rs.327.41 @ 1.75% while the employers' contribution risen to Rs.919.11 @ 4.75%.

However, a nominal contribution should have been fixed on the employees of low wage group called as exempted employees for the following reasons says S.D. Punekar, "(a) An

employee who gets 'free' benefits may take them as charity and would not taken interest in the Fund by right. Even a nominal contribution would make him feel that he has a right to benefits and he can claim them with self respect, (b) A fair number of employees in Indian factories may belong to this class. After the present inflammatory period, this number is likely to increase considerably (c) Even very low contributions from a large number of people may bring in valuable income to the funds of the Corporation.¹⁶

However, the Corporation subject to the provision of this Act and of any rules made by the Central Government in that behalf, the Employees' State Insurance Fund shall be expanded for the following purposes :

PURPOSES OF ESI FUND :

- i) "Payment of benefit and provision of medical treatment and attendance to insured persons and, where the benefit is extended to their families, the provision of such medical benefit to

16. Punekar, S. D. "Social Insurance for Industrial Workers in India", Pub. Oxford University Press, Bombay, 1950, p.151.

provision of such medical benefit to their families, in accordance with the provisions of this Act and defraying the charges and costs in connection therewith;

ii) Payment of fees and allowances to members of the Corporation, the Standing Committee and the Medical Benefit Council, the Regional Board, Local Committees and Regional and Local Medical Benefit Council :

iii) Payment of salaries, leave and joining time allowances, travelling and compensatory allowances, gratuities, and compassionate allowance, pensions, contributions to provident or other benefit fund of officers and servants of the Corporation and meeting the expenditure in respect of offices and other services set-up for the purpose of giving effect to the provisions of this act :

iv) Establishment and maintenance of hospitals, dispensaries and other institutions and the provision of medical and other ancillary services for the benefit of insured persons

- v) Payment of contributions to any State Government local authority or any private body or individuals, towards the cost of medical treatment and attendance provided to insured persons and, where the medical benefit is extended to their families, their families, including the cost of any building and equipment, in accordance with any agreement entered into by the Corporation;
- vi) Defraying the cost (including all expenses) of auditing the accounts of the Corporation and of the valuation of its assets and liabilities;
- vii) Defraying the cost (including all expenses) of the Employees' Insurance Courts set up under this Act;
- viii) Payment of any sums under any contract entered into for the purposes of this Act by the Corporation or the standing Committee or by any other duly authorised by the Corporation or the Standing Committee in that behalf;
- ix) Payment of sums under any decree, order or award of any court or tribunal against the Corporation or any of its officers or servants for any act done in the execution of

his duty or under a compromise or settlement of any suit or other legal proceeding or claim instituted or made against the Corporation;

- x) Defraying the cost and other charges of instituting or defending any civil or criminal proceedings arising out of any action taken under this Act;
- xi) Defraying expenditure, within the limits prescribed on measures for the improvement of the health and welfare of insured persons and for the rehabilitation and re-employment of insured persons who have been disabled or injured; and
- xii) Such other purposes as may be authorised by the Corporation with the previous approval of the Central Government.¹⁷

The scheme was introduced for the first time in 1952 for providing integrated Social Security to our industrial workers against the contingencies of Sickness, maternity and employment injury. The scheme started for Delhi and Kanpur

17. Section 28, The Employees' State Insurance, Act, 1948.

with a total coverage of 1.20 lakhs insured persons. As per ESIC Annual Report 1997-98 the number of insured persons went up by 90.95 lakhs showing an over all increase of insured persons 75 per cent in 640 centres spread in all over India.

However, a brief progress in coverage of Centres and insured persons under the ESI Scheme for a period from 1952 to 1969 is proposed. This is just to have an idea about the coverage and gradual development of the Scheme during the said period in the country. Finally the study will cover a detailed discussion on different areas of coverage of the scheme and its progressive approach through the presentation of various tables for the period from 1970 to 1998 which is also a specified period for the proposed study.

PROGRESSION OF E.S.I. SCHEME : A BRIEF DESCRIPTION (1952-1969)

ESI scheme was started in the year 1952 under the provisions of the ESI Act 1948. In 1952 the Corporation covered 1.20 lakh industrial workers (insured persons) at the centres of Kanpur and Delhi. The number of workers covered

under the scheme were 80,000 and 40,000 at Kanpur and Delhi respectively. In 1953 the scheme was implemented in Punjab with the workers covered 32,000 workers at seven centres. The number of workers in 1954 stood 22,000 and 4,30,000 at Nagpur and greater Bombay respectively. Further in 1955, it implemented at Coimbatore, Indore, Ujjain, Ratlam, Gwalior, Hyderabad, Secunderabad, Calcutta City, Hawrah District and Andhra (7 centres), Madras city and suburbs with a coverage of 4,00,000 industrial workers at 17 Centres. This shows an increasing trend of coverage of industrial workers in the scheme. In 1956 the scheme was started at Lucknow, Agra and Saharanpur with a total coverage of 17,000 industrial workers at these centres. The scheme was extended to cover 2,71,000 industrial workers for the same year.

The above discussion reveals that at first instance when the scheme was introduced and implemented at Kanpur and Delhi covered only 1.20 lakh industrial workers in the year 1952. The number of Industrial workers covered under the scheme upto 1956 was 12.92 lakhs at 31 centres.

In October, 1956, it was decided by the Government of India to cover the family members of the insured industrial workers under medical care benefit and thus the State Government was sought necessary suggestions on this subject. The matter was brought into contribution and realized that if the rate of special consideration of the employers towards the ESI fund is enhanced it would provide an adequate funds for the ESI Corporation for medical care to the insured industrial workers covered and their families.

The number of industrial workers went up by 6.47 lakhs in 89 centres for the year 1956 to 1961 as an addition to the figure given during the period of 1952 to 1956. Similarly, the scheme further covered 14.66 lakhs workers in 139 centres during the period of 1961 to 1966. The Scheme maintained its gradual coverage and covered progressive number of workers of 3.71 lakhs in 54 centres during the year 1966 to 1969.

TABLE NO. III

Progress of the ESI Scheme from (1952 to 1969) at all India level.

All India level Period	1952-56	1956-61	1961-66	1966-69	Total
No. of centre	31	89	139	54	313
No. of Industrial Workers (insured persons) in lakhs	12.92	6.47	14.66	3.71	37.76

Source : Based on ESIC Annual Reports of different years.

Table III shows the progress of the Scheme from 1952 to 1969. The above cited table indicates that there has been a gradual development in implemented centres and the coverage of Industrial workers into the scheme since its inception in the country. The above discussion has made it clear that during the period 1952 to 1969 there were 313 centres in all implemented areas of the Scheme with a total coverage of 37.76 lakhs insured person at all India level indicating an over all increase of 9.9 per cent in terms of centres, 34.2 per cent in terms of insured persons over 1952-1956.

Moreover this researcher has made it clear from the above mentioned paragraphs that there has been on increasing trend in the number of centres and the number of insured persons into the scheme during the period from 1952 to 1969.

To undertake a specific period of study this researcher has been proposed to analyse the progression of the ESI Scheme during 1970-1998. The reason to choose the year 1970 as base year of the study has some important decisions which were taken by the ESI Corporation to benefit the beneficiaries as well as the management of the whole ESI Scheme in the country.

Following are the important decisions taken by the ESIC in the year 1970 which is the base year of the proposed study period.

1. The ESIC approved the addition of a new Regulation 52A and Form 28 so as to make it obligatory for the employers to furnish to the appropriate office correct information in respect of the abstention of an insured person from work

for which sickness benefit or maternity benefit or temporary disablement benefit has been claimed or paid.

2. The ESIC Introduced the System of affixing of photographs on Identity cards & Family identity cards on experimental basis in the area of Warrangal in the State of Andhra Pradesh.
3. The ESIC approved the merger of the identity cards and Family identity card within a single card and publication of consequential amendments to Regulation 17 and 95-A of the ESI (General) Regulations, 1950 for inviting comments.
4. The Corporation reviewed the list of diseases eligible for extended sickness benefit and decided that with effect from 1April 1970, extended sickness benefit will be available to insured persons suffering from diseases falling under Group A and Group B here under in the manner laid down in the new resolution adopted in the meeting.

GROUP 'A'

Diseases for which extended sickness benefit is payable for 309 days (excluding 56 days of sickness benefit) :-

1. Tuberculosis.
2. Leprosy
3. Mental Diseases
4. Malignant Diseases
5. Paraplegia
6. Hemiplegia
7. Chronic congestive heart failure
8. Immature cataract with Vision 6/60 or less in the affected eye.

GROUP 'B'

Diseases for which extended sickness benefit is payable for 124 days (excluding 56 days of Sickness benefit).

1. Bronchiectasis and Lung abscess
2. Myocardial infraction
3. Parkinsons's disease
4. Dislocation and prolapses of intervertebral disc

5. Aplastic Anaemia
6. Gangerene and its sequelea due to peripheral Vascular disease
7. Ankylosing Spondylitis
8. Cirrhosis of liver with ascities
9. Fracture of lower extremity
10. Detachment of Retina

5. It decided that the ceiling of expenditure on medical care at Rs.50/- per employee per annum should be enforced w.e.f. 1 April 1970.
6. The ESIC approved delegation vested in it under Regulation 95-D to officers at Regional and Local level with a view to avoid delay in the disposal of claims for funeral benefit based on certificate issued under Regulation 95-D.
7. The ESIC approved the amendment to the proviso to Regulation 10 (1) of the E.S.I. (General) Regulations, 1950 providing therein nomination by the Chairman, E.S.I. Corporation of such additional representatives of employers and employees not exceeding three from each

side where the number of representatives of employers and employees including the ex-officio member is less than three each.

8. The ESIC agreed to grant option for private practice to full-time specialists in ESI Hospitals and further decided that the option to allow private practice or the Non-practising Allowance of Rs.250/- per month should be allowed in all states.
9. On the recommendation of the Committee set up by the Corporation to review its financial position, the Central Government raised special contribution of employers in implemented areas to 3.5 per cent with effect from 1st January 1970 and further raised it to 4 per cent from 1st April 1970.

The following tables will clear the working of the ESIC for the period from 1970 to 1998 to undertake some important fields of coverage of the ESIS through the presentation of different tables and graphs.

PROGRESSION OF ESI SCHEME : A COMPARATIVE ANALYSIS 1970-1998

The discussion will remain incomplete till an over all position of the working of the ESIC is not mentioned. Tables belonging to the gradual development and progress of the Corporation in various fields of its achievements during the period of proposed study from 1970 to 1998 at all India level are given below :-

TABLE NO. IV

Trend in progress in number of States/Union Territories, centres, number of employees and number of factories covered under the ESI Scheme. (1970-1998) at all India level.

As on 31 st March Year	No. of States/ Union Territories	No. of Centres	No. of employees (in lakh)	No. of Factories/ Establishments covered
1970	16	314	36.64	20,540
1975	18	365	43.85	27,444
1980	20	395	59.83	67,807
1985	22	512	61.60	94,976
1990	22	577	61.07	1,27,982
1995	22	622	67.96	1,69,769
1998	22	640	83.61	2,12,931

Source : Annual Reports of ESIC for the respective years.

The above *table No. IV* shows that in 1970 the number of states and Union Territories covered under this Scheme were 16 while it increased to 22 in 1998 which indicate an absolute increase of 6 states and Union Territories. This shows an overall increase of 37.5 per cent during 1970-1998. It is also clear from the aforesaid table that in the year 1970 the number of centres were 314 which has reached to 640 in 1998 showing an overall increasing trend of 103.8 per cent over the previous year. The table in question further indicates the number of employees covered under the scheme in 1970 was recorded as 36.64 lakhs and risen to 83.61 in the year 1998 showing an increase of about 128 per cent over 1970. Similarly the table also indicates that the total number of factories establishments covered under the scheme in the year 1970 were 20,540 while it increased to 2,12,931 in the year 1998 which also indicates an increase of 936.6 per cent during 1970 to 1998. The table in question however, clarifies that there is an increasing trend in areas of states and union Territories, the centres, the employees and the factories for which the table is meant for indicating the progress and achievements of the Scheme during the period under study.

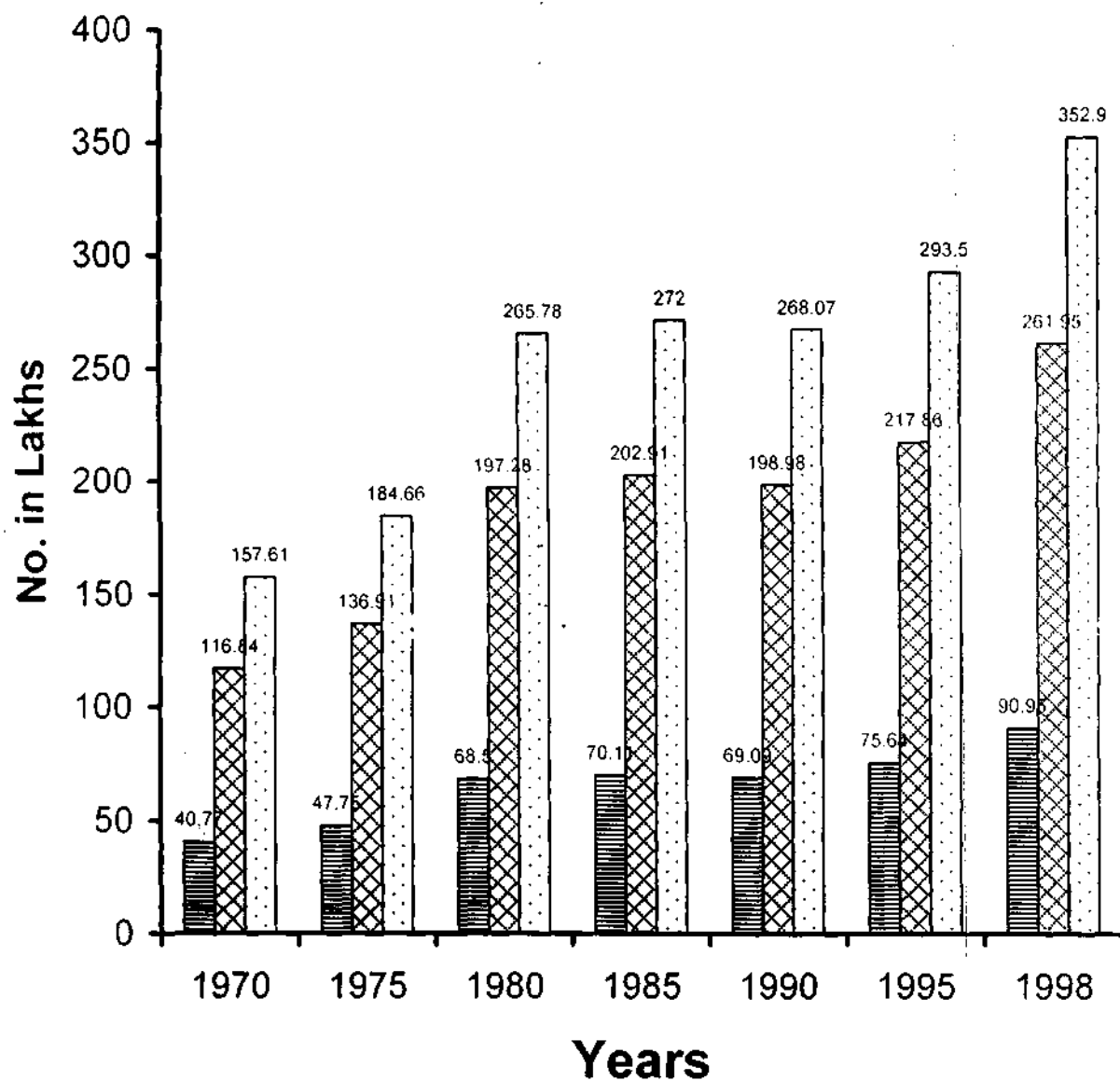
TABLE NO. V

Trend in progress in number of Insured persons, number of family membrs of insured persons and total number of beneficiaries (1970-19⁹8) at all India level.

As on 31 March			In Lakhs	
Year	No. of Insured Persons	No. of Family members of Insured persons	Total Number of beneficiaries	%age increased/ decreased over previous year
1970	40.77	116.84	157.61	-
1975	47.75	136.91	184.66	17.16
1980	68.50	197.28	265.78	68.63
1985	70.11	202.91	272.00	72.57
1990	69.09	198.98	268.07	70.08
1995	75.64	217.86	293.50	86.2
1998	90.95	261.95	352.90	123.9

Source : Annual Reports of ESIC for the respective years.

Fig. 1
No. of Insured persons, No. of Family Members
and Total No. of Beneficiaries (1970-98)



■ No. of Insured Persons ▨ No. of family members □ Total no. of Beneficiaries

Data set out in table V reveal that the total number of insured persons for the year 1970 accounted for 40.77 lakhs while the number of insured persons went up by 90.95 lakhs in the year 1998 indicating an over all increase of 123 per cent. It is also evident from the above table that the total number of family members of insured persons gone up from 116.84 lakhs in 1970 to 261.95 lakhs in 1998 indicating an over all increase of nearly 124.19 per cent. This shows that the rate of increase is much higher than the rate of increase in the year 1970. Similarly, the number of total beneficiaries went up from 157.61 lakhs in 1970 to 352.90 lakhs in 1998 indicating an over all rise of 123.90 per cent. Table VI below shows the total number of ESI Hospitals and number of ESI Annexes between 1970 to 1998.

TABLE NO. VI

Trend in number of ESI Hospitals and ESI Annexes (1970 to 1998) at all India level.

Year	No. of ESI Hospital	%age increased over 1970	No. of ESI Annexes	%age increased over 1970
1970	33	-	21	-
1975	57	72.7	25	19
1980	67	103.0	33	57
1985	85	157.5	-	-
1990	109	230.3	42	100
1995	122	269.6	42	100
1998	127	284.8	43	104

Source : Annual Reports of ESIC for the respective years.

Data fixed in table VI indicates a gradual enhancement of ESI Hospitals and ESI Annexes during the period from 1970 to 1998. In the year 1970 the number of ESI Hospital were 33 while the number of ESI Hospital went up by 127 during the year 1998. Showing an increase of 284.8 per cent in the number of ESI hospitals, Similarly there were 21 ESI Annexes in 1970 and the number rosed to 43 in the year 1998 which also shows an increase of 104 per cent during the period under study.

TABLE NO. VII

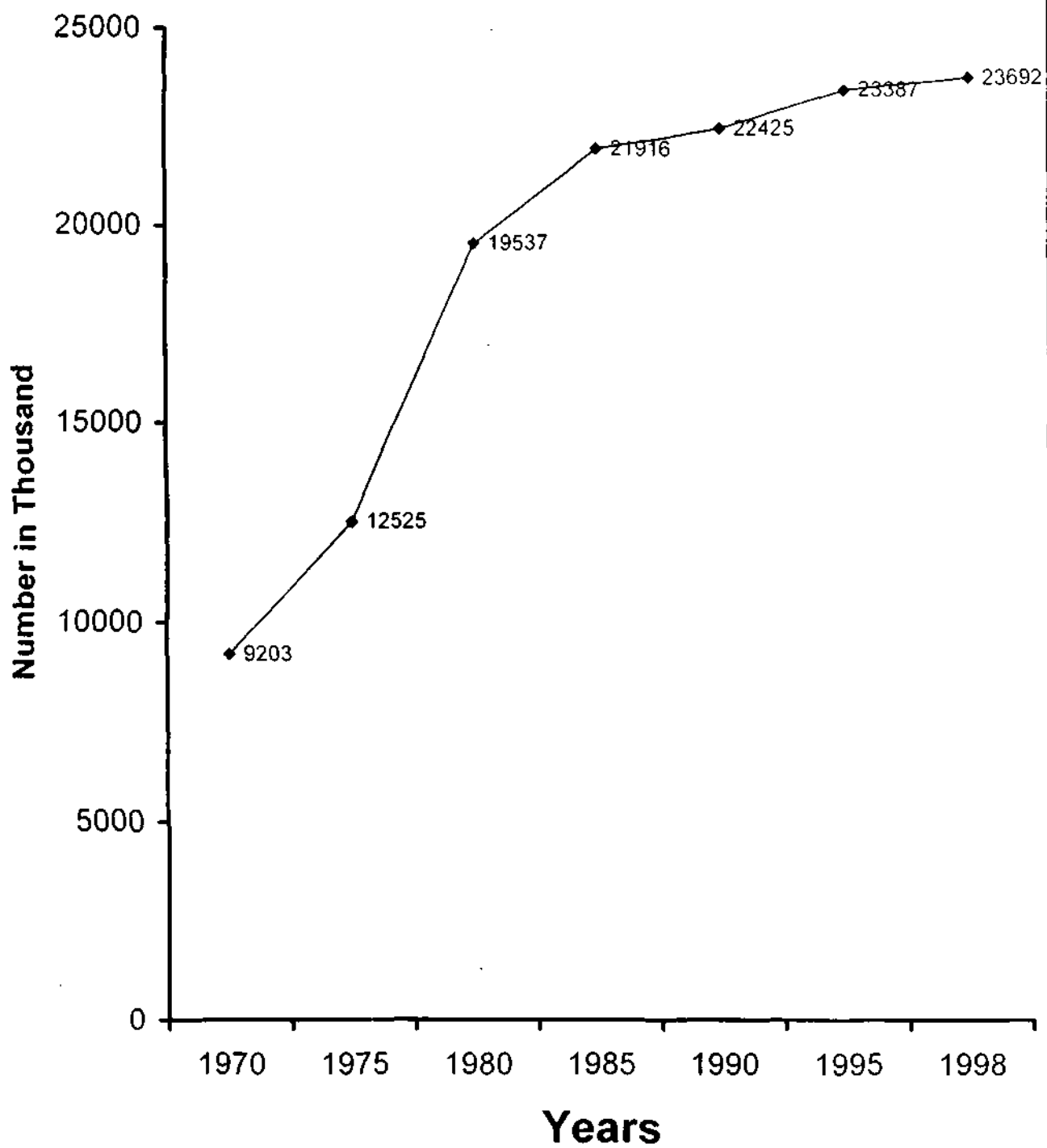
Trend showing the position of total number of Hospital beds available in ESI Hospitals, ESI Annexes and Reserved in other Hospitals. (1970-1998) at all India level.

All India

Year	POSITION OF BEDS			Total No. of Beds	%age increased Over 1970
	A ESI Hospital	B ESI Annexes	C Reserved in other Hospitals		
1970	5329	464	3410	9203	-
1975	9239	467	2819	12525	36
1980	14102	670	4765	19537	112
1985	N. A.	N. A.	N. A.	21916	138
1990	16942	841	4642	22425	143
1995	18429	842	4116	23387	154
1998	18985	867	3840	23692	157

Source : Annual Reports of ESIC for the respective years.

Fig. 2
No. of Beds of ESI Hospital (1970-98)



From the aforesaid table VII it is indicated that in the year 1970 there were 9203 beds in ESI Hospital, Annexes and Reserved in other hospitals while it increased to 23692 in 1998 showing an over all rise of 157 per cent, in a span of twenty eight years the period of purposed study from 1970 to 1998. This indicates the progressive and developmental planning of ESI Hospital, Annexures and the position of having a good number of beds in other hospitals for the insured persons under the scheme in the country.

TABLE NO. VIII

Trend in number of ESI Dispensaries, number of insurance medical officers and number of medical practitioners (1970-1998) at all India Level.

<u>ALL INDIA</u>				
Year	No. of Dispensaries	No. of Insurance medical Officers (IMOS)	No. of Insurance medical practitioner (IMPS)	Total IMOS & IMPS
1970	689	NA	NA	6242
1975	781	NA	NA	6108
1980	1030	3101	4734	7835
1985	1206	NA	NA	8234
1990	1327	5459	3970	9429
1995	1433	6220	3160	9380
1998	1450	6059	2885	8944

Source : Annual Reports of ESIC for the respective years.

Fig. 3
No. of ESI Dispensaries (1970-98)

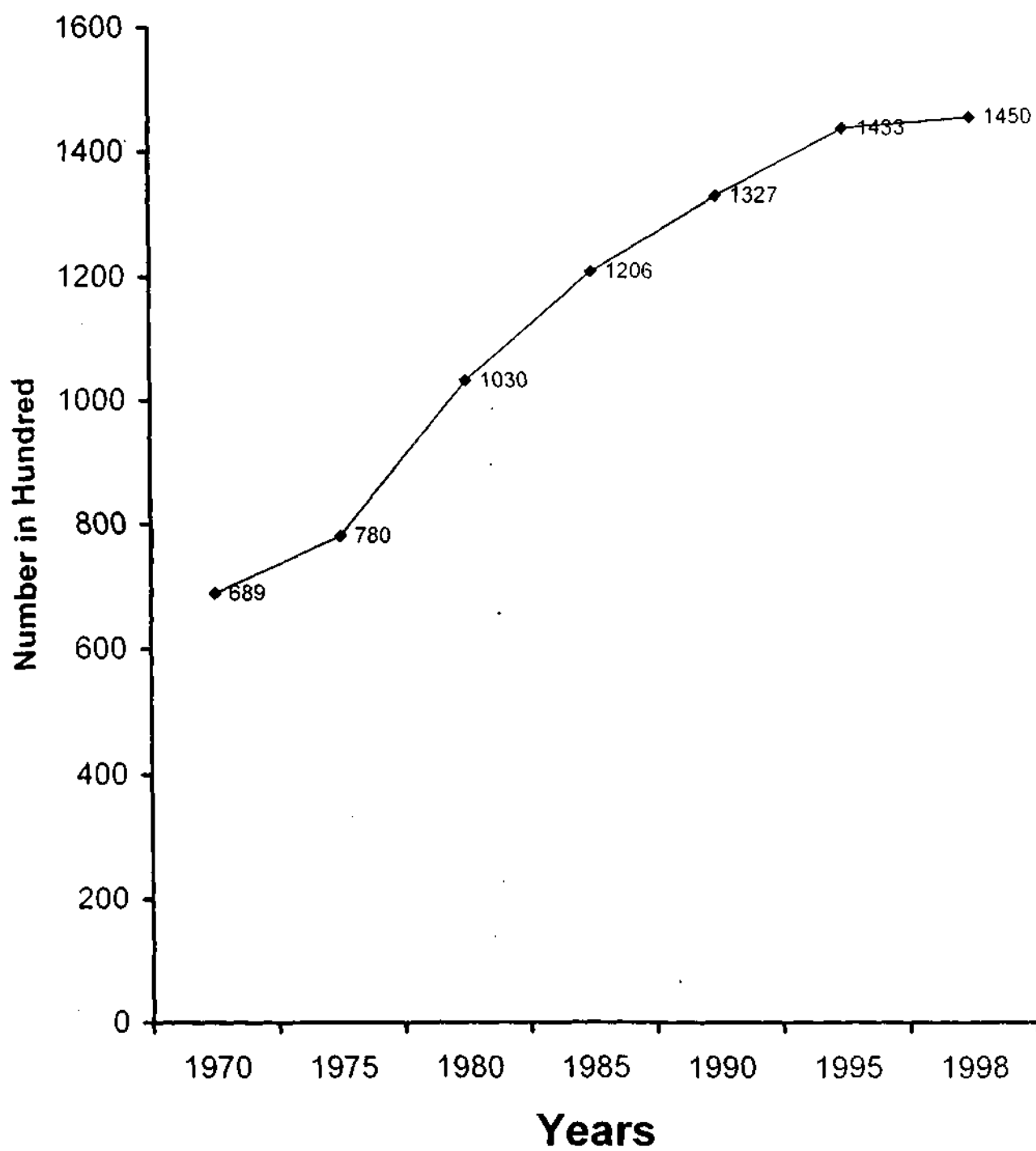
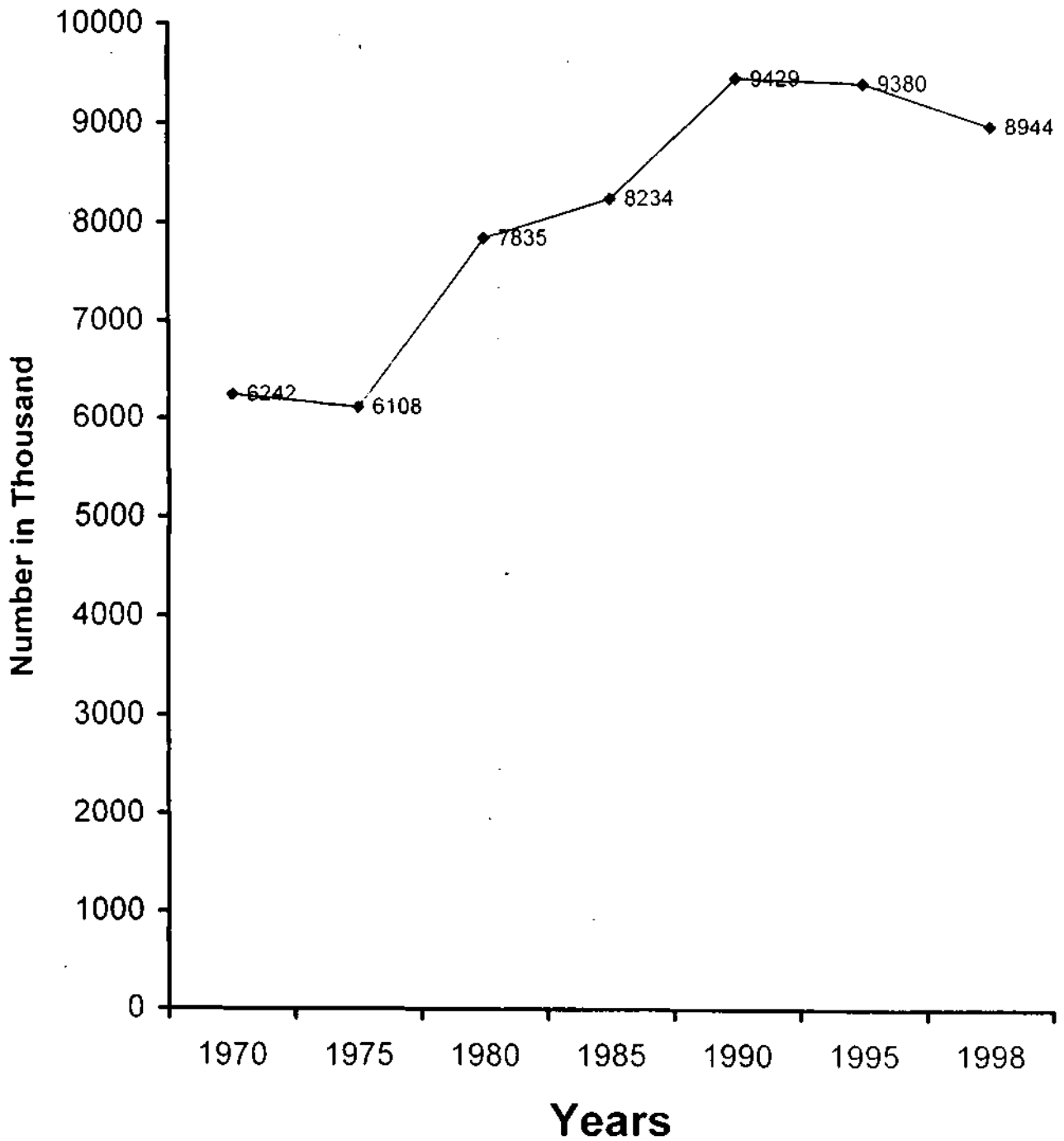


Fig. 4

No. of Insurance Medical Officers (IMOs) and No. of Insurance Medical Practitioners (IMPs) (1970-98)



Data set in table VIII reveal that there were a total number of 689 ESI dispensaries in 1970 which went up to 1450 in 1998 indicating approximately 110 per cent increase during a period under study. Like wise, the total number of Insurance Medical Practitioners and Insurance Medical officers was recorded 8944 in 1998 as compared with the total number of IMPS and IMOS 6242 in 1970 indicating an increase of 43.2 per cent during the period from 1970-1998. From the data it is apparent that the number of ESI dispensaries is increasing more speedingly than that of number of insurance medical officers and Insurance Medical Practitioners. However, table further shows the progressive coverage of the Scheme and discharging the duties of the ESI Corporation of making the growing number of ESI dispensaries in the country over the period under study. The table under discussion further clarifies that the number of IMPS and IMOS have shown an increasing and decreasing trend over the period of study due to some amalgamation in places as directed by the ESIC.

TABLE NO. IX

Trend in number of local offices/cash offices and inspection offices (1970-1998) at all India Level.

ALL INDIA			
Year	No. of local offices/ Cash offices	No. of Inspection offices	Total
1970	521	115	636
1975	613	121	734
1980	691	195	886
1985	NA	NA	1017
1990	848	275	1123
1995	790	299	1089*
1998	793	369	1162

Source : Annual Reports of ESIC for the respective years.

* The reduction in the total no. of Local Offices Cash Offices and inspection offices was due to amalgamation of some pay offices and local offices.

Data set out in table IX indicates the total number of local offices/cash offices and inspection offices. In the year 1970 there were 521 cash offices while it rose to 793 in the year 1998 indicating an overall rise of nearly 52.2 per cent. Whereas the total number of inspection offices accounts for 115 in 1970 against 369 in 1998 which also indicates an

increase of about 220 per cent. Consequently, the total number of cash offices and inspection office increased from 636 in 1970 to 1162 in 1998 showing an increasing trend of about 82.70 per cent. "The Employees State Insurance Corporation (ESIC) has set up Regional Boards, Regional offices, local offices and inspection offices in various states. Regional offices maintain records in respect of insured persons and administer local offices and inspection offices, claim from insured person are received and benefits paid at local offices which has been set up in all labour areas.¹⁸

18. Tyagi B.P., 'Labour Economics and Social Welfare Pub. S.V. Nath Meerut, 1994, p.551.

TABLE NO. X

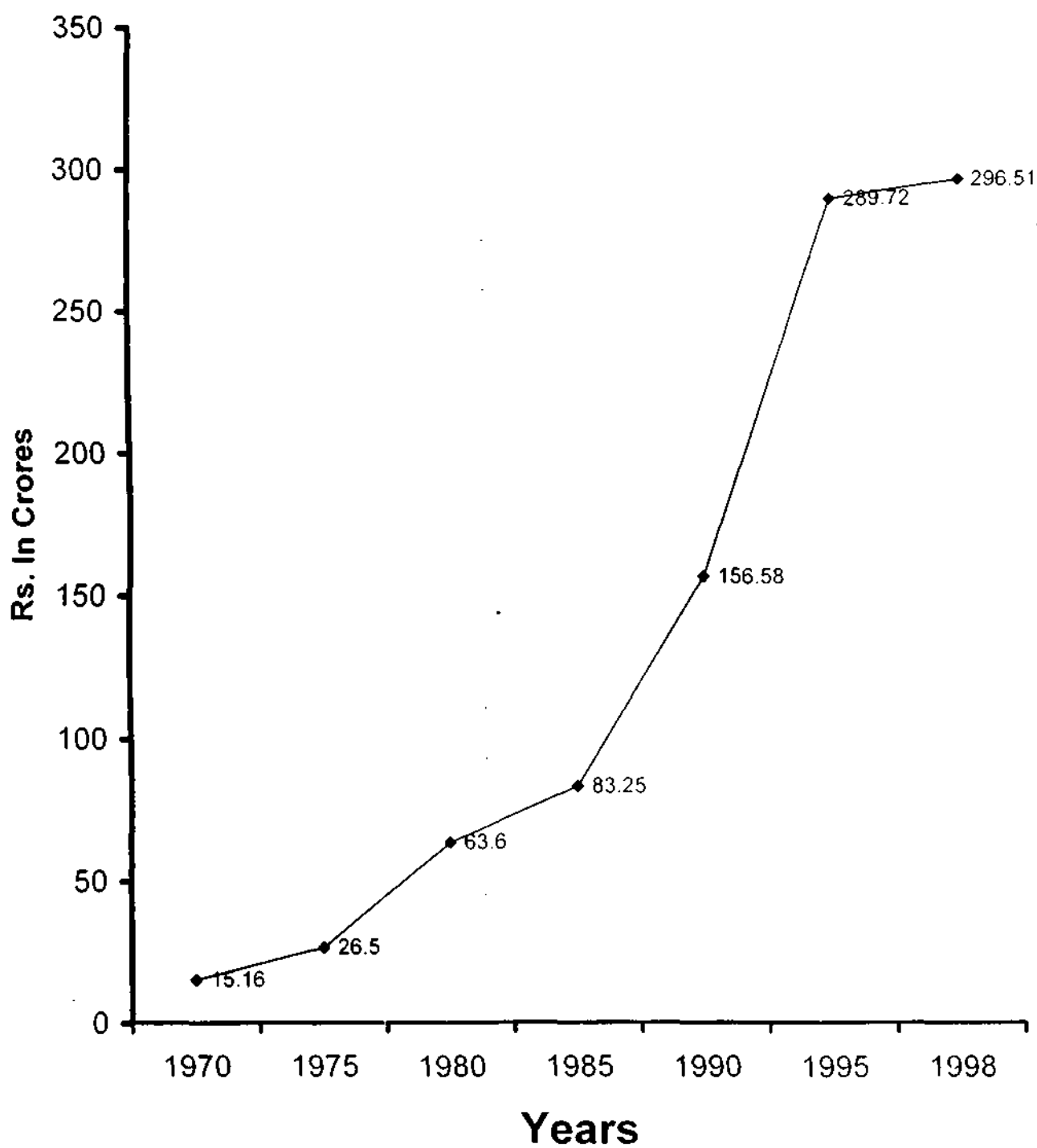
**Trend in Expenditure on Medical Benefit and cash benefits by
ESIC (1970 to 1998) at all India level.**

All India for the year ended 31 March. (Rupees in Crores)

Year	Expenditure on Medical Benefit	Expenditure on Cash Benefits	Total Expenditure on Medical Benefit And cash benefits
1970	15.16	20.5	35.66
1975	26.50	18.21	44.71
1980	63.60	63.50	127.10
1985	83.25	89.70	172.95
1990	156.58	83.84	240.42
1995	289.72	159.29	449.01
1998	396.51	322.68	692.19

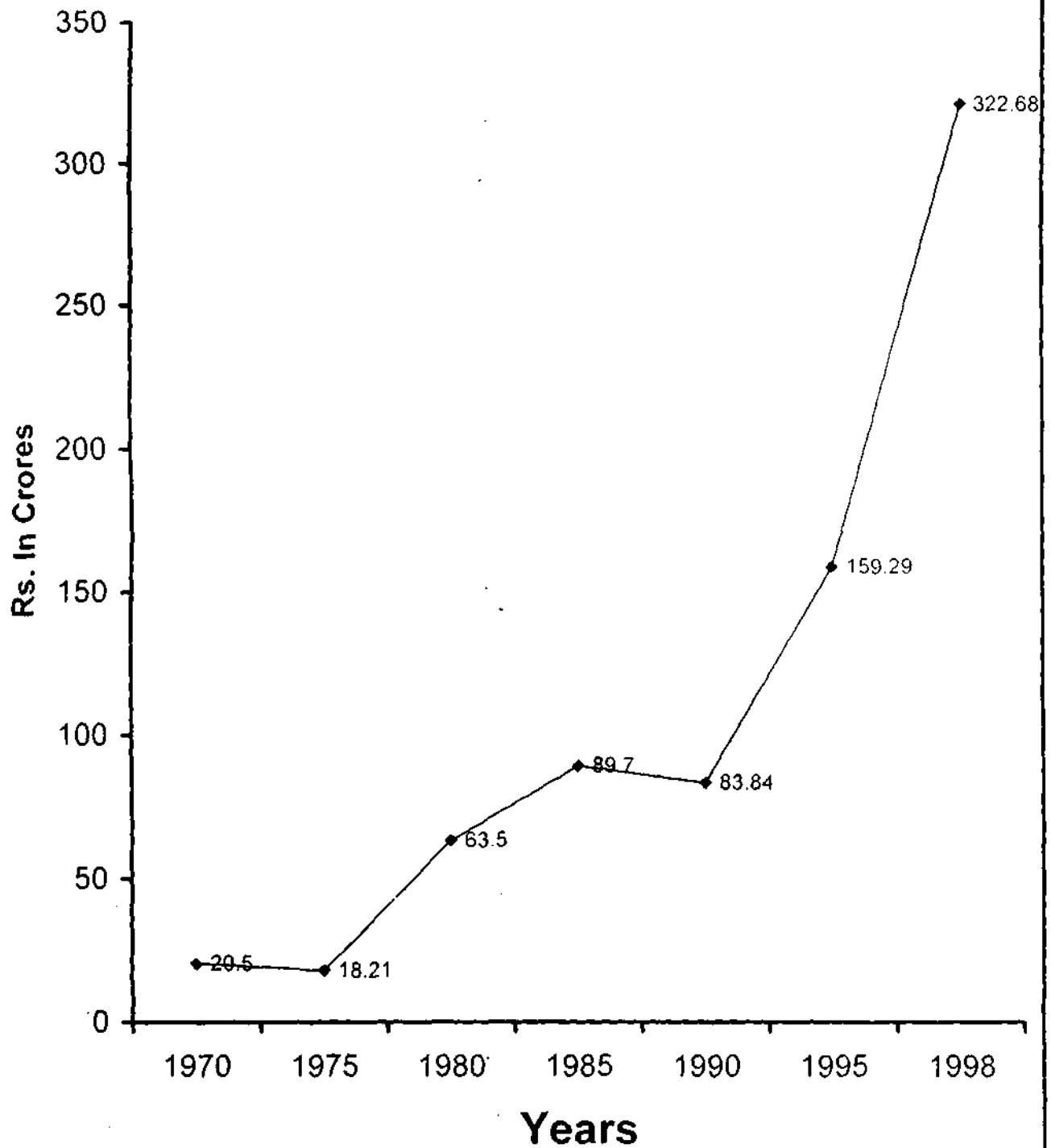
Source : Annual Reports of ESIC for the respective years.

Fig. 5
Expenditure on Medical Benefit (1970-98)



Note: The expenditure on medical benefit are meant for the payment to State Governments as Corporation's share of expenditure on providing medical treatment and maternity facilities etc.

Fig. 6
Expenditure on Cash Benefits (1970-98)



Note: The expenditure on Cash Benefit are meant for Sickness Benefit, Enhanced Sickness Benefit for Family welfare, Extended Sickness Benefit, Maternity Benefit, Disablement Benefit [(a) Temporary and (b) permanent], Dependents Benefit, Funeral Benefit, Rehabilitation of disabled insured persons, Medical Board and Appeal Tribunals, payment to insured Persons towards conveyance charges and/ loss of wages and Miscellaneous payments.

It is evident from the above mentioned table No. X that in 1970 the expenditure on Medical Benefit was Rs.15.16 crores while it rised to 396.51 crores in the year 1998 showing an increase on Medical benefit of 2515 per cent during the period under study. On the other hand the expenditure incurred on cash benefits was recorded as Rs.20.5 crores in the year 1970 while it wentup to Rs.322.68 crores during the year 1998 which indicates an increase of 1474 per cent.

It reveals from the above cited table X that there is an increasing trend in the expenditure accounted for the purpose of medical benefit. In case of cash benefits the expenditure in the year 1975 and 1995 have a dwindle position due to reduction in cash benefit claims by the insured persons. The table in question further clarifies that there is an increasing trend in total expenditure on medical benefit and cash benefits showing an over all gradual development of the scheme facilitating insured persons and their families. Consequently the rate of benefits paid to them has also an increasing trend in expenditure done by the ESIC. This further indicates the progresses, benefit and suitability of the insured persons and

their families because a lower amount invested by an insured person cover very high degree of risk, and thus the rate of total expenditure has gone up from Rs.35.66 crores in 1970 to Rs.692.19 crores in the year 1998 indicating an over all increase of 1841 per cent during the period from 1970-1998.

The researcher proposes to give a detailed description of Medical Benefit and cash benefits provided to the families of insured persons and to the insured persons respectively. Here it is clarified that the some-how the statistical data as shown in table X (A) and table X (B) has marginally difference due to round up calculation and data fixing.

TABLE NO. X (A)
Trend in Expenditure on Medical Benefit on Insured persons and their families during (1970-1998) at all India level.

For the year ended 31 March Year	Payment to state government etc. as Corporation's share of their expences on providing Medical treatment and Maternity facilities	(Rupees in crores)	
		Medical treatment and care and maternity facilities (expenses incurred direct by the Corporation)	Total Expenditure ***
1970	14.42	0.74	15.16
1975	24.98	1.52	26.50
1980	60.23	3.36	63.59
1985	N.A.	N.A.	83.25
1990	140.15	16.43*	156.58
1995	250.46	39.25**	289.71
1998	312.14	84.36	396.50

Source : Annual Reports of ESIC for the year 1970-1998.

* Includes Medical care and maternity facilities by the ESIC in Union Territory of Delhi and Noida and confinement fees to insured women and wives of insured persons in Maharashtra.

** Includes medical care and maternity facilities by the ESIC in hospital having occupational diseases centres, Medical care and maternity facilities in other hospitals etc. and confinement fees to insured women and wives of insured persons in Maharashtra.

*** Figures do not tally due to conversion of expectitive amount into crores, as indicated in Table No. X.

TABLE NO. X (B)

Trend in Expenditure of cash benefit to the insured persons during (1970-1998) at all India level.

(Rupees in crores)

for the year ended 31 March Year	Sickness Benefits	Extended sickness Benefits	Enhanced sickness benefits	Maternity benefit	Disability Benefit Temp- orary	Disability Benefit permanent capitalised Values	Dependents Benefits capitalised values	Funeral benefit	Other* benefits	Total**
1970	11.62	0.96	N.A.	0.61	1.96	2.40	0.49	0.7	0.8	19.54
1975	11.35	1.14	N.A.	0.86	2.07	3.42	0.93	0.8	0.6	21.17
1980	42.96	3.25	0.6	1.94	6.93	6.50	1.76	0.10	0.17	64.21
1985	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	89.70
1990	35.27	3.24	0.3	3.29	12.19	19.96	9.08	0.42	0.31	84.06
1995	61.22	6.41	0.4	8.65	26.01	36.43	18.76	0.97	0.65	159.5
1998	60.39	5.66	0.3	12.17	25.70	148.50	68.69	1.50	1.00	223.91

Source : Annual Reports of ESIC for the year 1970-1998.

* Other benefits includes : expenditure on Rehabilitation of disabled insured persons, Medical Boards and appeal Tribunals, payment to insured persons for conveyance charges and or loss to wages, incidental charges under family planning and Miscellaneous.

** Figures do not tally due to conversion of expatiative amount into crores and also adding other benefits as indicated in Table No.X.

TABLE NO. XI

Trend in Revenue income and Revenue Expenditure of ESIC
(1970-1998) at all India level.

(Rupees in crores)			
Year	Total revenue Income	Total revenue expenditure	Net Excess or General Reserve With the ESIC
1970	38.30	37.70	0.6
1975	70.97	62.49	8.48
1980	169.79	159.19	10.6
1985	364.45	255.97	108.48
1990	437.85	314.51	123.34
1995	711.22	564.69	146.53
1998	1451.80	1007.11	444.69

Source : Annual Reports of ESIC for the respective years.

Fig. 7(a)
Total Revenue Income of ESIC (1970-98)

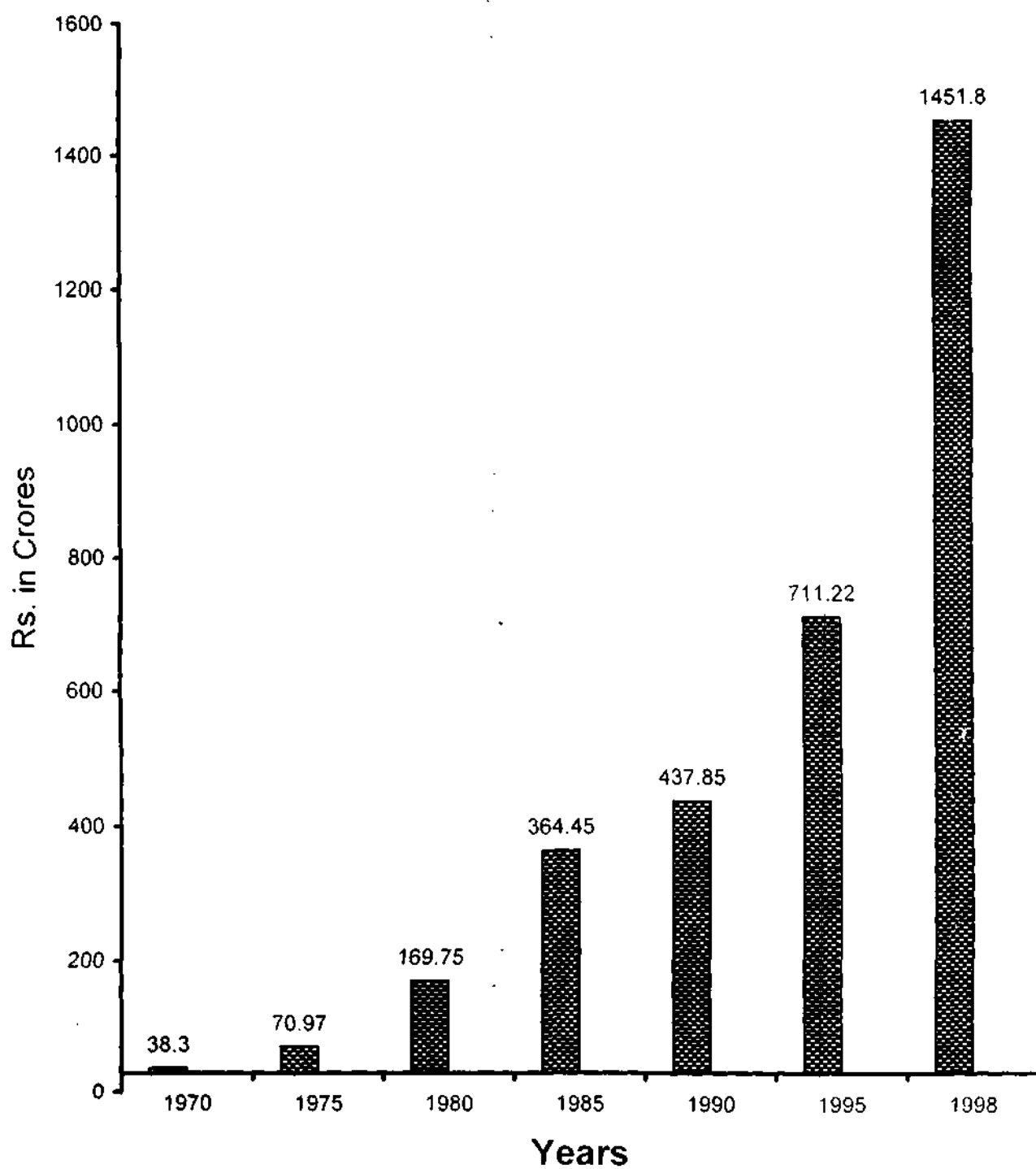
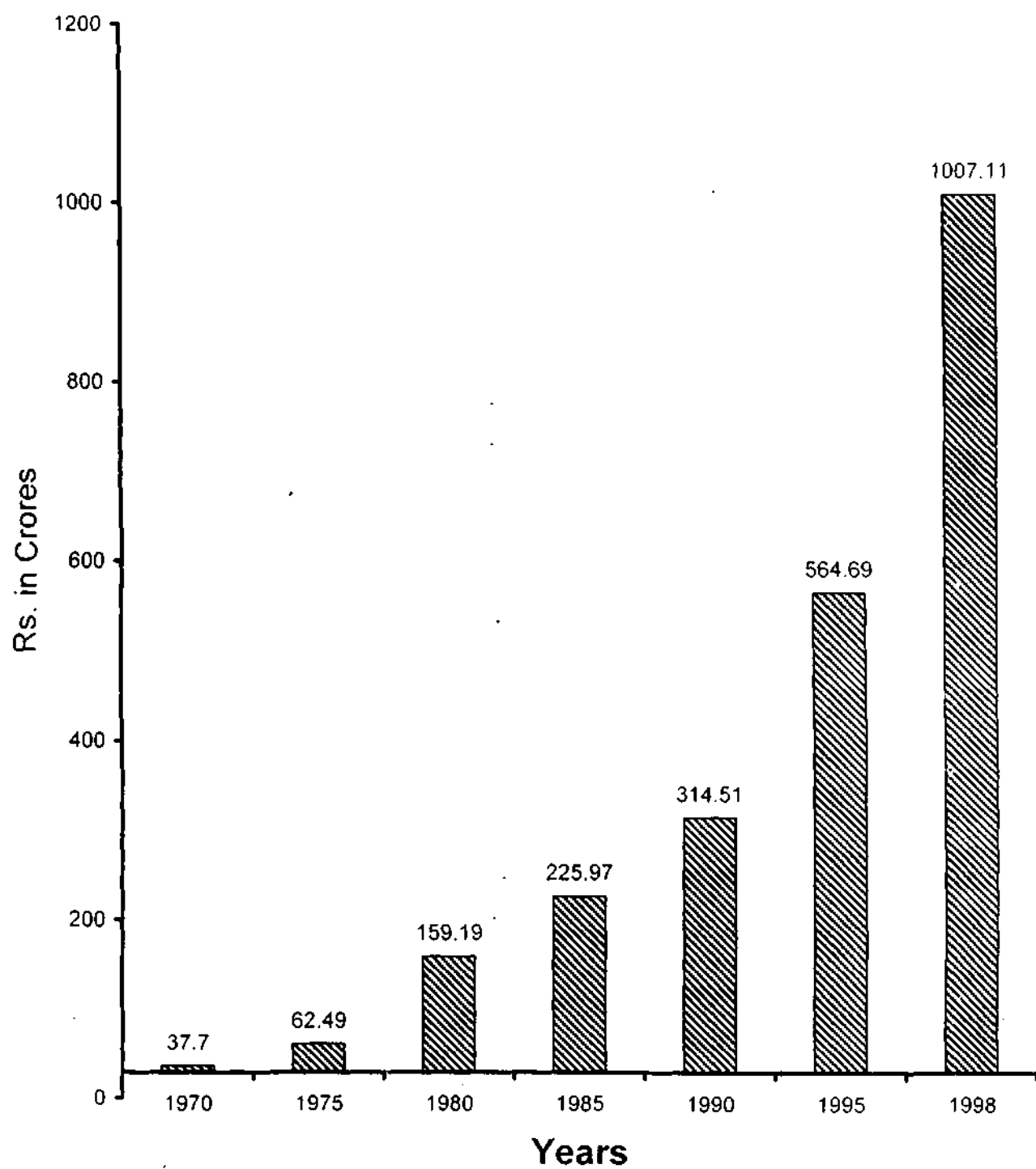


Fig. 7 (b)
Total Revenue Expenditures of ESIC (1970-98)



It is clear from the above table XI that during the year 1998 an amount of Rs.1451.80 crores was collected on account of ESI total contributions including contribution income, interest and dividends, Rent, rates and taxes, compensation from state Governments, fees, fines, forfeitures, state Government/Delhi Admn's share towards medical care initially incurred by the corporation, grants-in-Aid and Miscellaneous as against Rs. 38.30 crores in the year 1970. The table further indicate that in the year 1998 the total expenditure including medical Benefit, cash Benefits, other Benefits, Administrative expenses, including superintendence, field work and other charges, depreciation of Hospitals/dispensaries, Repair and Maintenance of hospitals and dispensaries rates and taxes for Hospital and dispensaries, provision for capital construction fund, Provision for Contingency Reserve Fund was accounted Rs.1007.11 crores against Rs.37.70 crores in 1970. Showing an increasing trend in income and expenditure account of the ESI Corporation over the period of study from 1970-1998. The table further shows that during the year 1970 the total income of the corporation was amounted to Rs.38.30 crores while it has risen

to Rs.1451.80 crores in the year 1998 which indicate an increase of 3691 per cent over 1970. Dealing with the expenditure in 1970 Rs.37.70 crores were recorded while the expenditure went up to Rs.1007.11 crores in the year 1998 indicating an increase nearly 2571 per cent over the base year. As for as the net excess or general Reserve with the ESIC which was Rs.0.6 crores accounted for 1970 while it has risen to Rs.444.69 crores in the year 1998 showing an over all increase in General Reserve Account of the ESIC of 74015 per cent in a span of twenty eight years.

In the preceding paragraphs a critical appraisal of the working of the Employees' State Insurance Corporation (ESIC) and the coverage of the ESI Scheme have been discussed in a detailed analysis with the help of available statistical data, presentation of data tables and graphs so that the study of the working of ESIC could be concluded.

CONCLUSION

In the preceding discussion the working of Employees' State Insurance Corporation (ESIC) has been examined. The main objective of the ESI Scheme governed by the ESI Act 1948 is to extend facilities in

terms of cash and kind with the aim to undertake labour welfare programmes to the persons covered under the scheme. The corporation envisages the scheme for the benefits of medical care and cash allowances during Sickness, maternity and employment injury, pensions for dependent of deceased, Funeral benefit to the surviving one etc.

After having a detailed analysis it can be concluded that the ESI Corporation having taken suitable measures in its net work of planning for the welfare of industrial workers covered under the scheme and has played a significant role to meet the challenges of industrial revolution and providing benefits to the insured persons and their families. A number of developmental programmes and measures to meet the present requirements of the workers covered have taken a serious note by the ESIC on the basis of data collected for the proposed study it can be said that the ESI Corporation has a better deal with the efficient planing to provide better health care and other facilities to the industrial sector in the country. The administrative set up of the ESIC has created a greater scope of the ESI Scheme. Industrial prosperity and Socio-economic reform can be measured on the basis of the progressive working

of the Corporation in a number of areas for human prosperity and dignity as a big task of Social Security for industrial workers.

Further, the Corporation has a tremendous rise in its areas of coverage and implementation of the Scheme in the country which have resulted a remarkable achievements. The presentation of different tables clearly indicate the better management, cooperation of employees' organization, employers' organization, the central Government and the State Government, the Corporation has proved a health care oriented programme to boost economic prosperity and industrial harmony as well, and acted successfully as a caretaker of workers' interests and also governs the privileges and protection available to workers in terms of financial compensations and health care. The present study has shown that the scheme has a greater satisfaction over desirability of workers getting benefits. The increasing trend in almost all areas over last forty eight years has resulted a steady rise in number of States, Union Territories, Centres, insured persons and family members of insured persons. Coverage of factories

and establishment have also the rising trend over the past. On the other hand the ESIC maintained Local offices/Cash offices, inspection offices, ESI Hospitals and ESI Annexes have also indicated an increasing trend with the enhancement in hospital beds in ESI hospitals, Annexes and beds reserved in other hospitals.

The revenue income of ESIC through contribution and other income of the Corporation which has now been increased from Rs.38.30 crores in 1970 to Rs.1451.80 crores in the year 1998 showing an over all increase of Rs.1413.50 crores during 1970-1998. On the part of expenditures the statistical data shows that the expenditures are less than the income of the Corporation which is a comfortable stage to meet its administrative expenses and other provision to cope with the problems of growing number of employers employees and the whole machinery involved in the ESI Scheme through out the country. In 1998 the Revenue Income of the Corporation was accounted for Rs.1451.80 crores while the Revenue Expenditure Stood at Rs.1007.11 crores in the same year showing a net excess or General Reserve of Rs.444.69 crores

with the Corporation which is generally used to meet its administrative cost and other provisions as has been discussed earlier. In the year 1970 the net excess or General Reserve with the Corporation was amounted to Rs.0.6 crores and it risen to Rs.444.69 crores in 1998 indicating an over all increase of 74015 per cent during 1970-1998 the proposed period of study.

Additionally, the ESIC has been playing a crucial role in formulating and promoting for the well-being of working masses in view to their economic upliftment and on the other hand industrial proficiency and economic development in the country.

From the above whole discussion it is clear that the ESIC care for an integrated social security scheme for industrial workers in the organised sector for their productive participation in the Socio-economic advancement and its move towards Socio-economic reform can not be denied. The picture is quite clear after going through a data base study in various fields of its coverage and administrative setup have indicated a progressive approach and gradual enhancement in the

enforcement of the scheme during the period under study. The performance of the scheme is upto a maximum satisfaction of the employees, employers and the Governments. The findings of the study have its own significant and having direct or indirect impact on Indian economy particularly in establishing Industrial growth and welfare state in the country.

In brief it may be concluded that the ESI Corporation has participatory approach in managing Social Security measures and has had valuable effects on the efficiency of its working over the scheme. It has greatly helped in increasing health happiness under ESI Act 1948 among industrial workers covered under the ESI Scheme and simultaneously achieving industrial harmony to a great extent.

To sum up it can be said that the working of the ESI Corporation is worthy to note and to have an in depth study it is proposed to analyse its impact on Social Security which is the base of our next chapter.

CHAPTER—V

CHAPTER-V

IMPACT OF ESI CORPORATION ON SOCIAL SECURITY IN INDIA

Introduction :

In the earlier chapter a detailed discussion has been made about the working of Employees' State Insurance Corporation (ESIC) and proved that the ESI Scheme has tremendously succeeded to complete social Security in India. It has been proved on the basis of available data in different fields of its progress, coverage and implementation of the programmes in the country. Rapid Socio-economic changes in the country have resulted remarkable impact on social security to which the corporation has made possible efforts under the provisions of the ESI Act.

The preceding study as a matter of fact indicated statistics relating to various aspects of the working of ESIC which have been analysed and resulted towards a new attitude as a goal of social revolution since the first half of the last

century. The great economic considerateness and economic integration have also resulted human dignity and social justice, well being and happiness of the masses. No ill health, every one be happy. In comparison of other Social Security Schemes either they are functioning on the method of social assistance or social insurance the ESI Scheme has been working progressively which is based on social insurance with the entire satisfaction of the parties concerned in the country. The successful working of ESIC would certainly in due course strengthen the introduction of other social Insurance benefits.

In this chapter the impact on social security in India has been discussed keeping in view the working of ESIC. Though the impact on social security is to some extent is complicated and the analysis given in chapter fourth will finally discuss the impact on social security in India.

Every study remains incomplete unless the impact that the matter or the scheme under review has brought the changes that the scheme has resulted on the concerned framework of the study for a community. This chapter deals with the impact of

the working of the Employees' State Insurance Corporation (ESIC) on Social Security in India. In order to highlight the factors which have been most fruitful in bringing up the working of the ESIC on progressive lines particularly for human's prosperity and Socio-economic advancement in India. The following paragraphs will however, show its impact on Social Security in the country. Social Security Programmes are the instruments to accelerate the development plans of the country. The role of Ministry of Labour is of great importance for the organised sector too, particularly for providing the benefits to the industrial workers of organised sectors in case of their compensation of risks.

“The Employee's State Insurance Act 1948, applies in the first instance to non-seasonal factories using power and employing 20 or more persons. It is being extended area wise by stages. The Act contains a provision under which the “appropriate Government” (Central or State Government) is empowered to extend the provision of the Act to other classes of establishments; industrial, commercial, agricultural or otherwise. Under these provisions, most of the State

Government, have extended the ESI Scheme to new classes of establishments such as shops, hotels restaurants, cinemas including preview theatres, road motor transport undertakings and newspaper establishments employing 20 or more persons. After enforcement of provisions of the ESI (Amendment) Act we.f. 20th Oct. 1989, the Act is now applicable in the first instance to non-seasonal factories using power and employing 10 or more persons and non-power using factories and specified establishments employing 20 or more persons. As of now employees of covered factories and establishments in receipt of wages not exceeding Rs. 6500/- per month are covered under the ESI Act in areas where the scheme has been implemented over the years".¹

The improvements, have also been taken place through the amendments in the provisions of the ESI Act 1948 from time to time, affected large number of benefits, like duration of sickness benefit and certain other welfare programmes which are made available for the insured industrial workers and their families for medical care and general upliftment. The measures

1. ESI Corporation, Annual Report, 1996-97, p.xi.

which the ESIC has adopted since long have shown an integrated social security system for the socio-economic advancement in the country to reduce poverty rapidly.

In the First Five Year Plan the attention has been given to the workers particularly working in industries and in this direction Employees' State Insurance Scheme (ESIS) was the first measure of social security on social insurance based principles which were enforced to ensure better future of workers in the country. The first and foremost objective of the scheme is to create cooperation between employees and employers with a view to maintain better standards of living and industrial harmony and efficiency to achieve optimum results in the process of productivity. "In general it can be said that Social Security measures will increase productivity".²

The foregoing chapter IV has clearly indicated the progressive approach of the working of ESIC and now it seems necessary to analyse some of the main factors which can show its impact on social security in India particularly keeping in

2. Pant S.C. "Indian Labour Problems, Chaitanya Publishing house, Allahabad, 1970, p.279.

view the working of ESIC. The following are the main factor under discussion-

(1) Comprehensive Beneficiary Scheme:

The ESIC covers only organized sector and thus the organised sector has its own characteristics in building up an overall economic advancement in the country. Better deal for labour can however, ensure the better standard of living of the workers and socio-economic reform. For the reason, the first and foremost impact of the working of ESIC on Social Security can be said that the scheme has comprehensiveness phenomenon as the working of ESIC has resulted its direct and indirect impacts on economic upgradation and social justice. The scheme has developed the power to understand the social security programmes in the minds of workers and the awareness to their rights has resulted self respect and dignity of each individual come under the coverage.

The term defined as "Social Security is a very comprehensive term and includes in it, schemes of social insurance and social assistance as well as some schemes of

commercial insurance. It is necessary, therefore, to distinguish between these terms and have a clear idea about the scope of each, though, generally, the terms social insurance and social security have been used by some in the same sense, because social insurance forms the most important part of any social security scheme".³ As the experience shows during pre-independence era a few social security measures were in operation for industrial workers in India and the workers were not fully satisfied. The benefits were also based on employer's liability in those days.

Before the commencement of India's First Five Year Plan the industrial workers of certain categories were benefited through the workmen's compensation Act (WCA) 1923, State Maternity benefit Acts, Coal Mines Provident Fund and Bonus Schemes 1948 etc. As compared with the benefits provided under the ESI Scheme are higher than those provided earlier. Thus, the workers were only provided benefits to their minimum satisfaction and the coverage was limited in

3. Saxena, R.C., "Labour Problems and Social Welfare", Pub. K. Nath & Co., Meerut, 1974, p.383.

disbursing income security to them. The workers were granted contingencies in case of employment injury under the WCA and secondly the women workers were benefited, "a compulsory period of rest before and after child birth is prescribed. The period of rest and the period of which payment is made is usually of 8 weeks, but in certain case a period of 12 weeks and in certain others a period of 7 week has been specified"⁴ thirdly Coal Mine Provident Fund and Bonus Schemes, 1948, Employees' Provident Fund Scheme provisions were granted against old age etc. Mostly all the payments under these Acts were settled by the employers. However, the measures based on social insurance principle were not adequate and prosperous.

The First Five Year Plan brought ESI Scheme in India for massive reconstruction in economic reform to cover a number of risks of our industrial workers of certain categories. Socio-economic advancement was the main target and for the purpose the said scheme was well received. Since the enforcement of ESIS in the country a large amount of industrial

4. Giri, V.V., "Labour Problems in Indian Industry", Pub. Asia Publishing House, Bombay, 1958, pp.263-64

growth and human's prosperity have been achieved. Thus, the scheme can be said a comprehensive social security scheme which has self explanatory impact of the Scheme on Social Security on all over India featuring its remarkable coverage in yesteryears.

(2) Integrated Benefits :

ESI Scheme being an integrated social Security Scheme has emerged as one of the largest social security programmes in South-East Asia.⁵ As has already been discussed in previous chapters that in order to remove various problems faced by our labour force of a particular class the ESIS is only the social security programme which provides sickness benefit, maternity benefit, disablement benefit dependents benefit and medical benefit in terms of treatment and care to the insured workers and their families under one roof. However, a number of benefits like funeral benefit and rehabilitation etc. allowance have also been emerged in the Scheme. In view of the above benefits the impact of the working of ESIC can be realized that

5. ESIS of India, An Integrated Package, of Social Security Benefits, ESIC (Ministry of Labour) India.

the beneficiaries are protected by all means under the scheme. As regards to the medical benefit it is also provided to the family members of an insured worker including himself. The Medical benefit is also provided in the form of outpatient treatment and through the home visits by ESI Doctors. The coverage of families of insured persons under medical benefit has developed a remarkable cooperation between the workers and the employers and this has also resulted worker's satisfaction towards ESI Scheme and created a sense of discipline at the place of work. In nutshell it can be said that no such scheme of social Security with a number of benefits and good coverage of risks as discussed earlier was implemented in India before the enforcement of ESIS. "However, once the minimum needs of workers are satisfied, it will, in general be better to increase their real income by introducing social security measures than through wage-increases. The productivity effect of social security is likely to be greater than that of wage-increases (expenditure on social security can be considered an investment in human capital)".⁶

6. Pant. S.C., "Indian Labour Problems", Pub. Chaitanya Publishing House, Allahabad, 1970, p.279.

Broadly speaking, the extension of Social Security benefits and the success of the working of the ESIC for the majority of workers including women employees can be measured in terms of protection of workers and their family units. The coverage of their family members in case of medical requirements etc are worthy to note. This has also resulted that the insurance scheme of Social Security Under discussion a worker can better realize that the role of the said scheme is quite meaningful and enough to satisfy the worker and his family to a great extent. The integration philosophy of ESI benefits to the insured workers and their families had have direct impact on social security in India because it leads both towards better industrial growth and reduces poverty as the opportunities to remove economic and biological contingencies are now available to a family unit including insured person by the scheme under one roof. Economic growth will reduce poverty rapidly if the fusion of different benefits are available to the workers to fulfil their basic needs and requirements from womb to tomb and thus the Scheme has fully fruit bearing impact over the other Social Security Schemes which were

available prior to the inception of ESI Scheme in a very ineffective way.

(3) Employers' Benefit :

To promote Social Security the role of employers is of great importance and can not be denied their participation in building up social and productive environment in the country as a whole. The success of the ESI scheme, its proper motivation and performance is absolutely impossible with out positive participation and cooperation involved in the welfare of industrial workers to attain Socio-economic development in the country. By the end of 31st March 1998 there were 2,12,931 factories/establishments under the coverage of the ESI Scheme, while in the year 1970 there were only 20,540 factories/establishments. covered under the scheme. The over all increase in the number of factories/establishment went up by 1,92,391 which further shows an increase of 936.6 per cent over 1970 indicating a remarkable target achieved by the ESIC for the coverage of employees during 1970 to 1998. Here, our main concern is to analyse the benefits which the scheme under

study has provided to the concerned employers in view of their role played before the enforcement of ESIS and how the scheme has its impact on them? In this way the impact of the working of the ESI Corporation on the employers is worthy to discuss in the following paragraphs.

As it has been discussed earlier that before the implementation of ESIS the benefits to the industrial workers were provided through a few social security measures which were available in a very narrow coverage during those days and at the discretionary of the employers on the basis of employers' liability principle. The employers and the workers were not fully satisfied at some critical points, possibilities of industrial unrest was the main cause between them.

To deal with the workers for smooth industrialization it has been observed by the economists that the welfare measures are the root level remedies. Once the workers are satisfied the goal of soci-economic advancement can be achieved to a great extent. Similarly if the employers and the government are shared to a maximum in providing benefits to

the workers the scheme of Social Security can have direct or indirect impact on them. The working of ESIC has revealed that the scheme under study has been functioning as a perfect social security programme in a systematic manner for the fulfillment of the requirements of workers, employers and the government of the respective States and Union Territories where the Scheme has been implemented.

“Though no direct benefits accrue to the employers under scheme, intended to provide social protection to workers, a number of indirect benefits do flow to the employers covered under the ESI Act. Following are the benefits :

1. Exemption from the applicability of Workmen's Compensation Act 1923.
2. Exemption from Maternity Benefit Act 1961.
3. Exemption from payment of medical allowance to employees and their dependants or arranging for their medical care.
4. Rebate under the Income Tax Act on contribution deposited in the ESI Account.
5. Healthy work force.

Employers covered under the ESI Act, also serve a greater national interest, that of developing and promoting the social security environment in the country, for upholding the human dignity of a large work force for their productive involvement in the socio-economic development".⁷

To elaborate the impact of the working of ESIC on employers it can be concluded that the employers are absolved their liabilities particularly in case of workmen's Compensation Act 1923 and Maternity Benefit Act 1961. Since the benefits become payable under the ESI Act, 1948. Though the contribution from the employer's side is collected as per the rules and regulations prescribed in the Act but the over all responsibility to grant the benefits to the insured workers and their families is managed by the ESI Corporation and in case of medical benefit the share of appropriate government is of great importance to deal with the related matters. In view of the discussion made above it is clear that the ESI Corporation has constituted a remarkable progress in the field of social security for industrial workers, not only the workers are benefited but

7. ESI Guide Book for Employers, 1994, ESIC, New Delhi, p.3.

the scheme has also a creative impact on employers and a number of indirect incentives are available for them which shows a silent feature of the working of the ESI Corporation on the part of employers covered under the scheme.

(4) Industrial Relations Benefits :

As we are aware that industrial relations can give a rapid change to industrialization in a country like ours. Better Relations between workers and the management is the only way to cope with the problems of industrial unrest. "The 'industrial relation' is the name which historians give, not to any single event, but to the great process of economic change".⁸ India being a developing country requires more attention towards its industrial and technological advancement. In the following paragraphs firstly we shall be concerned with the values of industrial relations through quoting some necessary definitions and secondly the impact on industrial relations by means of the working of ESIC for Socio-economic advancement of industrial workers can be discussed in detail. Industrial relations is a

8. Cole, G.D. H-A Short History of the British Working Class Movement 1789-1947, p.3.

wide term and it helps in many ways for better and sound industrialization. Not only industrial relations is maintained under the terms of industrial relations but it also helps to accelerate sound industrialization, social awareness and humans' prosperity to a great extent. It would not be out of place to define industrial relations as a device of socio-economic achievements. Social security is one of the measures which can provide better deal with the workers by their employers and the government agencies. According to Lester the term "Industrial relations includes not only the dealings between labour organizations and industrial management but also all aspects of labour in an economy, including wages, productivity, security, management's employment practices, union policies and governmental action on labour matters".⁹

Richardson says, "removal of hardships and privation can diminish the danger of social unrest. For these purposes therefore the state introduced and progressively raised the standards of industrial safety and welfare by the Factory Acts.

9. Lester. A. Richard, "Labour and Industrial Relations, (A general Analysis), The Macmillan Company, New York, 1951, p.3.

It also established systems for fixing minimum wages in industries where sweating existed and where there was lack of organization among employers and workpeople to regulate wages effectively. These forms of intervention, together with social insurance and social security, for the purpose of providing minimum incomes during periods of sickness, accident, unemployment, and old age".¹⁰

"Industrial peace is an important pre-requisite for industrial progress. It leads to the development of harmonious relationship between parties in the industry".¹¹

"Industrialism involved many changes and one of its is in working forces in response to changing pattern of production processes. J.S. Mill, "a dependent worker" can not be assumed now by the employer. Labour, having risen from their position, seeks security".¹² "Labour movement as an organised form of

10. Richardson, J.H., 'An Introduction to the study of Industrial Relations', (London George Allen & Unwin, 1954), 332.

11. Khan, A. Farooq, "Industrial Relations in India" Faculty of Commerce Publication, A.M.U., Aligarh, 1988, p.4.

12. Chand, K. Viswanath Kumar, "Industrial Relations", (An Empirical Study of Public Sector Unit), Ashish Publishing House, New Delhi, 1989, p.1.

working people is an underlined force does shape the industrial relations in an industrial society".¹³

After going through the above definitions on industrial relations given by different authors now it seems necessary to discuss the impact of ESI scheme on social security in formulating and creating industrial relations through the approaches of better social security benefits by the ESI Corporation.

Apart from other factors industrial relations is the outcome of a Dynamic social security programme which has entire coverage of day today risks of life particularly for industrial workers and has its direct impact in regards to maintain much better industrial harmony in general. The said Scheme can be mentioned a socio-economic tool which has resulted in reduction of lock-outs and strike in areas of its coverage in the country. The Mandays lost has also become on decreasing trends. As the past experience shows that ESI Scheme is one of the major programmes of social security in

13. Chand, K. Viswanath Kumar, "Industrial Relations", (An Empirical Study of Public Sector Unit), Ashish Publishing House, New Delhi, 1989, p.1.

India which has been actively working to evolve industrial relations in a systematic manner on either side to gain industrial prosperity and establishing a social set-up through providing a series of benefits to the industrial workers covered under the Scheme and their families are also helped for their medical requirements. The purpose of the Scheme is to strengthen industrialization keeping in view the human prosperity and industrial relations to yield better production leading to economic growth in the country. "Productivity can be improved by technology and better management performance but capital and technology, by themselves, can not produce goods. The human factor has a primacy over the other factors".¹⁴

The idea to establish a welfare state has become true through the gradual coverage and development of the ESI Scheme to a great extent, and it is expected that the ESI Corporation will yield more better results through its frame work to run the scheme more progressively in the years to come, as per this quotation "these social services and social

14. The Hindustan Times, October 18, 1983, p.18.

security programmes are the essential and integral part of economic development and the state will gradually provide the people much desired social security".¹⁵

The experience has revealed that the gains of social security schemes are slow but steady and progressive in their net work programmes for nation building. In conclusion it is observed that industrial relations leads to an improvement in the efficiency of work people and increase the industrial production simultaneously.

Through the implementation of ESI scheme the undue turnover of labour has been reduced and the interest of workers in their work places have also been increased and thus it has resulted in loyalties of workers towards their business organisations. Broadly speaking industrial relations can be well maintained by means of social security programmes which not only have benefited the workers but have also created better inter-relation between the workers and the employers.

15. Mohammad Mohsin, 'Investment of Life Insurance Corporation' Fund, AMU., Aligarh, 1966, p.67.

In my view industrial harmony and higher productivity could be possible if better cooperation is prevailed among the workers, employers and the government agencies and to strengthen sound industrial relations which can only be achieved if workers are granted protection through integrated social security schemes. Indian industry has started to show signs of recovery in industrial production. The recovery has come mainly on account of rebound in manufacturing sector growing at 7.8 per cent in April 1999 as against 4.9 per cent in April 1998-99 according to the latest IIP figures released by the Central statistical Organisation (CSO).¹⁶ International Monetary Fund (IMF) chief Horst Kohler gave a clean chit for its pro-reform, credentials and commitments, and declared that India can achieve 8-10 per cent annual economic growth in the next three to five years.¹⁷ However, higher productivity can not take its roots unless the employers and government consider their employees as an important factor of production and not merely as wage earners. In order to evaluate human values

16. The Times of India, June 12, 1999, p.17.

17. The Times of India, June 7, 2000, p.1.

particularly in the production process the philosophy has resulted as "Human relations is process of effective motivation of individuals in a given situation in order to achieve a balance of objective which will yield greater human satisfaction and help accomplish company goals. It is the integration of the people into a work situation in a way that motivates them to work together productivity, cooperatively and with economic psychological and social satisfaction. Analysing the definition given, we find that 3 important goals in human relations are : (A) to cooperate (B) to produce (C) to gain satisfaction from work".¹⁸ In the light of the above mentioned paragraphs it can be summed up that ESI Scheme is one of the social security programmes and the working of its corporation has its impact in establishing human relations in having participation of employees and employers into the scheme which can form an environment of industrial relations other than the satisfaction of the workers while granting them a number of benefits as discussed. The unique characteristic of the scheme is mainly to

18. Prof. Maheshwari, L.N. "Human Relations in Industry" Indian Industries Annual Number 1972, p.9.

accelerate an integrated social security net for the workpeople, which could be resulted socio-economic reform in the country.

(5) Standard of Living Benefits :

Minimum standard of living is one of the objectives of our planed economic and social advancement policies. The goal of minimum standard of living for all and for industrial workers in particular has been achieved through the implementation of a number of social security measures taken by the government of India from time to time. The sole aim before the social security is to achieve an over all socio-economic advancement in the country. In this direction insurance based social security schemes have resulted a remarkable progress particularly since the second half of the twentieth century. Since India's First Five year Plan the emphasis has been given for the better standard of living of the industrial workers in particular and the masses in general. "The First Five Year Plan (1951-52 to 1955-56) had two fold objective to correct the disequilibrium in the economy caused by the Second World War and partition of the Country and to

initiate simultaneously a process of all round balanced development which would ensure a rising national income and a steady improvement in living standard over a period of time".¹⁹

In the light of the aforesaid paragraph it can be said that the efforts to increase national income and to improve the standard of living were the main concerns of India since the beginning of planning era. The ESI Scheme is one of the Schemes of social security run by the ESI Corporation can be taken into consideration in terms of its progressive approach toward the better living standard of the workers of organised sector. The organised Sector has the largest number of workers working in factories and establishments and contributes for India's economy to a great extent.

We have now to study the impact of the working of ESIC on the standard of living of the industrial workers in the country. For this purpose it seems necessary to analyse the real values of benefits provided to the industrial workers under the ESI Scheme by the ESI Corporation for their Safety standards

19. India, 1981, p.193.

and mobilization of resources. It is evident that the benefits are available to an increasingly large number of industrial workers since the enforcement of the ESI Scheme administered by the ESI Corporation. An increasing trend in the number of beneficiaries and enhancement in the number of benefits can be considered to evaluate better standard of living of our industrial workers. The increase in national income, progressive industrial growth, higher productivity, socio-economic reforms are the achievements of our planned economy in nation building. "The cost of increasing safety standards can be measured not only in terms of monetary expenditures needed to implement a change, but also in terms of the most favoured alternative uses of resources that must be forgone in order to implement those standards".²⁰

Further, "Labour policy in India derives its philosophy and content from the Directive Principles of the constitution and has been evolving in response to specific needs of the situation to suit requirements of planned economic development

20. NELSON, J.A., Labour, gender and economic/Social devide, International Labour Review, vol.137, No.1, Geneva, 1998, p.38.

and social justice. It has been envisaged that the growth of economy would not only increase production but also absorb backlog of unemployment and under employment and a substantial proportion of additional labour force. Seventh Plan laid emphasis on harnessing country's abundant human resources and improving their capabilities for development.²¹ Similarly Eighth Five Year Plan has clarified the importance of social security and pays "emphasis on the need of fully involve the people in nation building activities".²²

Moreover, if we go through the planning era to evaluate social security programmes for the Indian masses in general and for industrial workers in particular we can come to a conclusion that much has been achieved by introducing and implementing social security measures in different sectors ensure a better standard of living of the people of India.

It is proved that social security scheme have removed low per capita income, unemployment problems, and economic inequalities etc. The last five decades have brought a dynamic

21. India-1993, p.631.

22. Eighth Five Year Plan, 'High lights', No. 2/2/92, pp. IV, April 92, p.2.

change in economic and industrial structure and simultaneously have revealed good progress in removing poverty through social security and establishing better standard of living of industrial workers in particular and the nation in general. It has been realized that only ESI Scheme the most popular and integrated scheme of social security for industrial workers has established human values, dignity and social justice, it holds a key position in strengthening and accelerating industrial harmony, and humans' prosperity. However, the diversion of workers into the scheme and the coverage of benefits to them and their families has resulted a remarkable satisfaction to the whole beneficiaries. To measure the standard of living of any community or class it is necessary to go through their social and economic resources available to them and the diversion of their individual interest towards the programmes of social security. To evaluate the working of ESIC and its impact on social security it can be concluded that since 1952 the ESI Corporation has made a good progress in areas of coverage and in number of beneficiaries resulting in socio-economic reforms. The ESI is the only social security scheme which has brought a

new economic era in the services of social security in India as a whole.

“The Government not only takes credit for having increased production and raised workers’ wages, it also takes credit for having introduced a system of social security, the “biggest of its kind in the whole of Asia”. Along with the rise indirect earnings, the social security schemes offers additional income or benefits, which also go to improve the standard of life”.²³

The Employees’ State Insurance Scheme has covered about 352.90 lakhs beneficiaries till 31st March 1998 while there were 157.61 lakhs beneficiaries in the year 1970 which indicates an increase of 123.9 percent in the number of beneficiaries over 1970. This increasing trend over last Twenty Eight Years in the coverage of total beneficiaries into the Scheme can be supposed in terms of workers participation and keen interest that enjoins the rise of standard of living and life free from ill health.

23. Dange, S.A., “General Report at Ernakulam, AITUC Publication, 1958, p.40.

As for as the revenue income and revenue expenditures of the ESI Corporation are concerned the revenue income in the year 1970 was stood at Rs.38.30 crores and the revenue expenditure in the same year was recorded to Rs.37.70 crores showing a net enhancement Rs.0.6 crores in the hands of the Corporation. According to ESIC annual report for the year 97-98 as on 31st March 1998 the revenue income accounts for Rs.145.80 crores while the expenditure incurred to Rs.1007.11 crores in the same period showing a net rise of Rs.444.69 crores with the Corporation. This further indicates an over all increase in general reserve of the ESI of about 74015 percent in a span of twenty-eight years the period of proposed study. ESIC is self-explanatory for the increase in the provision of better social security benefits and thus, it can be concluded that the ESIC has resulted better deals to improve the quality of standards of living of workers under coverage and rather their families are also being provided medical care which is one of the main characteristics of the said scheme and the impact on social security can be distinguish through the above mentioned paragraphs quite reasonably.

(6) Economic and Managerial Benefits :

The working of the ESIC has revealed that the scheme is purely of economic nature and its gradation of benefits may be considered as managerial benefits. The over all system of ESIC which is based on economic lines has a social engineering phenomena. Some authors have said about the ESI Scheme as a scheme in which the benefits are provided from womb to tomb. In view of the broad discussion made in preceding chapters the over all study has revealed that ESIS is the result of past experience of Social Security Schemes which were insufficient in dealing with the problems of industrial workers to their entire satisfaction and coverage. The study further reveals that ESIS is a net work for socio-economic reforms in India and for the reasons its impact on social security in India is worthy to discuss particularly in the field of economics of managerial benefits of ESIS available to the industrial workers to solve their economic and social problems rather to yield better cooperation among the parties to strengthen economic reforms in the country. No social security scheme can be operated successfully unless its prime aim is to built-in economic

activity and social justice is fulfilled. The beneficiaries under ESIS has been generated to over come their economic and social problems by way of providing them benefits in order to grant income other than their wages etc. during the spells of economic and biological contingencies to meet their requirements and needs. The economically backwardnessless circumstances of our industrial workers have been solved to a great extent. It can be proved if we study the expenditure on medical care per employee per annum. According to annual report of ESIC for the year 1970-71 expenditure on medical care was fixed as Rs.50/- for 'restricted', Rs.54/- for 'expanded' and Rs.64/- for full' medical care per employee family unit per annum. This ceiling is reviewed and raised from time to time in view of the rising costs of medical care. From 1.4.1997, the ESIC has fixed the ceiling on expenditure for medical facilities per insured person family unit per annum at Rs.500/- out of which Rs.165/- is earmarked for drugs and dressings. Amount spent beyond this per capita limit is to be borne by the state Government, where as the highest per capita expenditure per annum on medical care at about Rs.1051.26

was reported in the state of Maghalaya and the lowest per capita expenditure at about Rs.81.41 was reported in Jammu and Kashmir over and above the per Capita ceiling according to ESIC annual report for the year 97-98. This shows a drastic progress particularly in the field of medical care which is one of the ESIS benefits which also includes family members of industrial workers under its coverage. The increasing trend in the expenditure on medical care is self-explanatory to understand the impact of ESIC on social security. In my view social security scheme under study has clearly revealed its exclusive role in the nation building and strengthening awareness among the parties as an advocate. The benefits to the workpeople have proved dignity of working masses through income security to them on economic and managerial lines. Thus, it can be concluded that ESIS is the only scheme of social security which has a trend of managerial benefits with the ultimate aim of an over all socio-

economic advancement in the country. No such type of social security scheme has been enforced to the Indian Industrial workers for the benefit of their own as well as their families with a multiple coverage of benefits subject to the provision of the ESI Act 1948.

The economics of the above mentioned classifications in terms of impact on social security in India has revealed an automatic machinery which has proved an over all revolution upon the masses under coverage by maintaining employment level to a certain extent, removing poverty and granting income security in the sufferings of our industrial workers.

At this juncture it would not be out of place to mention that the ESIS is the only way which has resulted a fruit bearing approach with greater positive impact on social security and on Indian economy as well. To accelerate the working and to strengthening the Scheme, the ESI Corporation has its apparent up-gradation in coverage and now it may be said that the prospects seems much bright towards a new attitudes in future to make India much stronger in respect of

social security movement. A number of effective programmes and measures are to be required for the better mobilization, growth and stability of ESI Scheme, though the impacts are gainful, the measures concerning with the development of ESIS and to strengthen the base of ESIC would be given in the forms of suggestions and proposals.

CONCLUSION :

From the foregoing discussion it has been concluded to a great extent that the impact of ESIS can be measured through a net-work processing of the working of the ESI Corporation to strengthening the social security programmes for our industrial workers of a certain category.

However, Social Security Statistics can help in industrial development and workers' harmony as well. Adequate Social Security Statistics made it clear how far the Scheme has achieved its goal of human progress, advocated desirability of working masses and material progress be made to yield a satisfactory return.

The preceding discussion on some specific parameter also makes it clear that with the satisfactory progress of ESI Scheme during the period under study has indicated fruit bearing impact on social security leading to human Settlement in a sense of workers care, facilitating workers' family members and material progress in Socio-economic development in the country in twenty two states/union Territories. For the reason, the ESI Corporation through its administrative framework and implementation of the Scheme is no doubt has a sign of multifaced praise. For achieving further economic growth in the earlier decades of 21st century the ESI Corporation has to undertake some indispensable remedial measures reasonably well adequate upon economic welfare and social progress, because social insurance system is the only way to cope with the unhappy situation in and around the industrial economics.

Further, the whole Study in this chapter has proved to a great extent that the successful functioning of ESI scheme has its direct impact on social security leading to the benefits and increasing trend in total numbers of beneficiaries under the scheme. As on 31st March, 1998 the scheme has covered about

352.90 lakhs total beneficiaries in areas where the scheme has been implemented so far compared to 1970 the scheme covered only 157.61 Lakhs total beneficiaries including insured persons family units which is proving an evidence of the outstanding growth and coverage of the Scheme and now in a real sense the impact of the working of ESIC can be measured as a tremendous goal of social security.

To sum-up, in spite of a great deal of social security there is a further need of meditation on social insurance based social security scheme in India so as to achieve all round development in a broad sense of socio-economic reform in the country. After having a long discussion it is a must to give some remedial measures to harmonise Industrial development and suggestions for further strengthening the working of the ESIC and for the purpose it is proposed to give conclusion and suggestions in the next and last chapter of this thesis.

CHAPTER—VI

CHAPTER-VI

CONCLUSION AND SUGGESTIONS

In the earlier chapter we have dealt with the impact of Employees' State Insurance Corporation (ESIC) on Social Security in India in a detailed way. The present and final chapter deals to conclude the thesis and submit certain suggestions which are necessary in my opinion to be adopted by the ESIC.

For the rapid industrial development and human's prosperity it is necessary to develop the human skill through the prospective planning of human settlement and provisions to provide them adequate social security measures so as to achieve an over all socio-economic development in the industries in particular and in the country in general.

Since the commencement of planning era India has achieved a remarkable goal in the development of social security programmes to the industrial workers in particular and the masses in general. Better resources of human settlement in the form of Social Security Schemes have brought India in the

mainstream of industrial development to a great extent. The provisions and programmes related with the welfare of labour force can boost the country's economy towards the developmental activities as a whole in the country.

Labour being one of the important factor of production, it should be given due attention and consideration to develop their skill through the implementation of social Security measures and other welfare programmes, keeping in view their health care and income security etc. The role of social security is of great significance and is an effective and healthy tool to bring mass industrialization in the country. To solve the problems of insecurity of labour force the measures pertaining to their health care is the way to fulfil the needs and desirability of our workers to a great extent. Improvement in the quality of their living and to bring about industrial productivity and progress the social security programmes have proved the whole philosophy of such programmes which are more effective to this effect.

National Commission on Labour emphasised the need of social security schemes in India and it was finally

realized and adopted that only Social Security measures are the tools to boost the industrialization in a healthy and peaceful atmosphere. Workers shall be protected against hardships in regards to their social and economic status. It is said that the workers have a great deal with up-gradation of country's economy and thus, they should be protected from the uncertainties and hazards through the social security measures. If the social security measures are given in a proper way and at the right time to the industrial workers, naturally the workers will show their will power to work in a healthy and peaceful atmosphere. To create peaceful industrial environment it is however, very necessary to provide Social Security measures.

Social Security covers a number of measures which are generally provided to the workers for their better health, care and rehabilitation for a healthy industrial environment.

In order to introduce Social Security Schemes among the industrial workers the Government of India took a number of initiatives through the recommendation of a number of experts, economists, planners and social Scientists and thus, for the purpose of the social engineering the ESIC was establish in

the year 1948 to administer the ESI Scheme in our country. The Scheme provides cash benefits against sickness, maternity, disablement and pension to the dependent of the deceased insured person. Full medical care is provided in terms of kind, which is available to the family members of the insured person including himself under the ESI Scheme.

To remove social and economic grievances of Industrial workers in India the ESIS introduced in 1952 was the first step towards the welfare of industrial workers. The Scheme is administered by ESIC which has members representing employers, employees, the Central Government, the State Governments, Medical Profession and the parliament. The Director General who is the Chief Executive Officer of the Corporation is also an ex-officio member of the Corporation and of its Standing Committee. The other bodies at the national level are the Standing Committee (a representative body of the Corporation and the Medical benefit Council, a specialized body of the Corporation, which advises the Corporation on the matters of Medical Benefit. At the Regional and Local level, the Regional Boards and Local Committees have been

constituted. There is thus an association of interests concerned at all level.

The ESIC is the trustee of the interests of the insured persons and the Corporation discharges its obligations and duties through a net-work of Regional Offices and local offices spread in all over India.

In the present study it has been proved that Social Security is very important both to the rapid industrialization and socio-economic transformation of the country. For evaluating healthy traditions of the net-work of the ESIC for our industrial workers it must not forget the role and the scope of social security in Socio-economic advancement.

The Study based of Statistical data of all India basis connected with the various aspects of the coverage and the gradual progress of the scheme by the ESIC is made for the period 1970-1998. It can therefore be asserted that performance of ESIC has been satisfactory. To know the impact of the working of ESIC on Social Security in India this researcher made it clear through the presentation of statistical data for a proposed period of study given in different tables of various

fields covered by the ESIC. At the end of March 31st 1998 the ESIC has covered 22 State/Union Territories, 640 centres, 83.61Lakhs, employees, 2,12,931 factories/establishments, 90.95Lakhs insured persons, 261.95Lakhs family members of insured persons, measuring 352.90 total beneficiaries. Besides, the ESIC has also covered 127 ESI Hospitals and 43 ESI Annexes having beds 18,985 and 867 respectively. The position of the beds in other hospitals reserved for ESI beneficiaries' accounts for 3840. The number of ESI dispensaries for the period under discussion accounted for 1450 having 6059 Insurance Medical officers and 2885 Insurance Medical practitioners. There were 793 local offices/cash offices and 369 inspection officers as on 31st March 1998.

The analysis of different tables given in chapter fourth for the proposed period of study from 1970-1998 reveal that the workers and their families recognize and accept the ESI Scheme as a basis for improving their income Security and facilities of medical care and health. The assessment is being made keeping in view the gradual and progressive coverage of the said scheme, on the other hand it is also improving the

socio-economic conditions of the workers covered under the Scheme and industrial harmony to a great extent in the country. The fact has however, been verified from the past experience of pre-independence era, the increasing trend in Socio-economic order has proved much better and brought our country into the main-stream of developed nations in this new millennium.

India's Five Year Plans as discussed earlier have emphasised on the Social Security Schemes and workers importance in the economic growth of the country. The Plans have also highlighted the workers as a principal instrument in the achievement of economic progress in the country.

It can be concluded with the present Study that the working of ESIC shows a satisfactory performance. Besides, Industrial development and Social transformation of the workers covered under the Scheme the families of workers are also being granted medical care and treatment in ESI hospitals and dispensaries spread in all over India. The Corporation is no doubt maintains the best relations between the employers and the employees to boost an integrated relations among them for human's prosperity, industrial peace and growth through the

application of comprehensive and integrated Social Security programmes launched by the Government of India from time to time as per the need of the hour.

The study has further concluded that the workers once satisfied particularly in the matters of their health and Income Security have given better performance for an over all development in the country with vigorous efforts and skills.

The net impact of the working of ESIC on the Social Security in India, manifests itself in the form of increased number of workers, medical facilities extended to the families of workers, increase in the number of benefits, enhancement in the ceiling of wages, sufficient rates of benefits, efforts to better Standard of living of workers, providing good quality of medicines, increase in number of ESI Hospitals and Dispensaries, better care and treatment in hospitality, OPD and home visit facilities etc. on the part of workers, reduction in Strikes agitations and willing co-operation of the employers and the workers have shown a fruit bearing impact on Social Security in India.

The Study Constructs a right approach towards a peaceful industrial engineering with healthy labour force and gives the modes to strengthen the Socio-economic order in India. For further effectiveness and to strengthen the ESI Scheme and the working of ESI Corporation a set of suggestions as well as proposals is being given in forthcoming paragraphs:

SUGGESTIONS AND PROPOSALS

(A) General

1. Since independence more attention has been given to working class, mainly those working in an organised Sector, and a number of welfare schemes have been launched for them. To improve living and working conditions special legislations were enacted and social security services have been introduced for the industrial workers. The workers working in other sectors have not been given much considerations and facilities in comparison of those working in organized Sector. However, the inclusion of workers other than organized sector to influence the Sectoral balance should be given

more priorities under the ESI Scheme and an immediate action is needed to cover other sectors under the present scheme.

2. The ESI Scheme which is based on Social Insurance principle should be extended to Social assistance principle to some extent so that workers of very small means may get some relief at least in case of medical requirements. The older methods must be supplemented to some extent and the new rules and regulations must be adopted to cover the vast majority of workers.
3. For wider coverage and successful planning of ESIS with its objectives it is however suggested that the scheme must provide a minimum standard of living to the workers of all categories which is the ultimate aim of any complete Social Security Scheme.
4. Participation in International Conferences must be given priority to have new International ideas about the Social Security Organizations in Asia and Pacific. The steps in this direction shall be achieved a good deal with the workers covered and to be covered under the ESI Scheme.

Secondly, the ESI Corporation can further develop its administrative capabilities with the formation of a new Social Security era across the global boundaries and the ideas may help to gear up the present functioning of the scheme in this new millennium.

5. India being a second largest population of the world, needs much more attention towards the popularity of the ESI Scheme particularly among the main beneficiaries of the Scheme. The scheme should be advertised regularly through the medias like Radio programmes, TV programmes, newspapers etc., where these Radio and TV facilities are far away from the approaches of our poor and uneducated workers. The discussions should be conducted at Village Panchayat Level. This will lead to the full awareness of the scheme at grass root level among the workers of poor resources.
6. The ESI Corporation should also take necessary decision in the matters of the publicity of the Scheme through distribution of pamphlets in regional languages which can easily be known to workers of different regions. The

whole structure of the Scheme and its utility should however be cleared to them.

7. With the rise in price index number the enhancement in wages from time to time has resulted a tremendous change in the ceiling of wages which exceeded Rs.6500/- per month. In my opinion the coverage should also be increased to Rs.7100/- and then progressively to Rs.7500/- for a further coverage of employees under the ESI Act.
8. Number of benefits should however, be increased, at least free education to girl child and in and out door games facilities to the whole beneficiaries should be included in the Scheme.
9. Legal provisions for recovery of arrears from the defaulter employers should be monitored by the ESI Corporation.
10. To save time and cost, a close monitoring should be adopted by a special team deputed by the Corporation during the construction work of ESI Hospitals and

Dispensaries etc. in the concerned areas of construction work.

11. Social and technological developments has changed the Situation of industrial atmosphere and thus, it is suggested that labour laws mainly social security legislations should however, be amended for further liberalization of old ones to make them more relevant and appropriate.
12. Efforts should be made to implement the ESI Scheme in areas where the implementation of the scheme has yet not taken place in the country.
13. In order to bring about improvement in existing position of workers covered under the per view of the ESIC the Social Security programmes, research centres, education institutions are recommended to be set-up by the Government.
14. The Government of India should realize over the importance of the further smoothening the working of ESIC and a separate Ministry of Social Security and ESIS

be established at the Centre. The departments under this Ministry can play a dominating role in creating and expanding social Security programmes of ESIS in the country, particularly for our industrial workers who are the back bone of our economy in particular and the masses in general.

15. Every Factory or establishment should be required to maintain a common inspection book regarding Employees' State Insurance Act.

(B) MEDICAL BENEFIT

1. A system to Simplify the procedure for granting benefits to the beneficiaries should be adopted by the ESI Corporation with certain required modifications in the ESI Act.
2. More Hospitals and Dispensaries should be set up to avoid an extra ordinary arrangements and expenditures in other hospitals in which the hospital beds are kept reserved for the beneficiaries of the ESI Scheme.

3. To avoid overcrowding in distributing medicines to the insured workers and their families the ESI Corporation should indicate a reasonable number of beneficiaries to some other dispensaries which have less number of beneficiaries to distribute medicines, this will save time as well as over crowding.
4. Every ESI Hospital should have a sufficient number of Doctors to deal with the patients immediately. Sometimes delay in approaching doctors may cause a trouble to patients for their life. Those patients suffering from epidemic and heart mind etc. and all such diseases which needs an immediate care and attention.
5. Modern and well equipped ambulances should be purchased to give better and satisfactory services in order to meet and attain an immediate call on the need of the employees covered under the scheme.
6. The State Governments should contribute a minimum share of contribution of 15% of the total expenditure on medical care in their respective states instead of 12.5 per cent.

7. To avoid any misuse of the Scheme a proper vigilance system should be adopted by the ESI Corporation while disbursing medicines to the insured persons and their families. Proper checking of identity cards should be maintained on the spot.
8. The routine work of the dispensaries and hospitals should be very carefully monitored by the staff deputed by the Corporation particularly to review the proper medical care and treatment as well as utilization of medicines to the right patients at right time.
9. A new scheme for Unani medicines and Ayurvedic in ESI Dispensaries be introduced to give a new boost to the patients who prefer such treatment and will feel satisfaction over the scheme. The enhancement of this system should be made available in all the remaining states and Union Territories in the Country.

(C) CASH BENEFITS

1. The approaches to check and control lax certification at all implemented centres should be given a serious concern to avoid misuse of cash benefits. The measures which have been taken into consideration by the ESI Corporation need a further specific instructions from time to time to keep vigilant over the problem.
2. Waiting period of two days unless the insured person is certified sick with in 15 days of the last spell in which sickness benefit is availed of seems quite reasonable and needs no any change.
3. The maximum duration of sickness benefit of 91 days in two consecutive benefit periods should be exist.
4. The period of 309 days and a maximum of two years in deserving cases for extended sickness benefit after availing 91 days of sickness benefit should be continued.

5. Presently 29 long-term diseases specified for which insured persons are granted extended sickness benefit should be enhanced and the inclusion of some more diseases should also be included into the scheme.
6. Heart diseases should be included in the mainstream of the ESI Scheme and their implementation should however, be made available all over India. The provision to establish heart centres at some important industrial cities should however be given priority.

Maternity Benefit

1. The period of 12 weeks which is further extendable by four weeks on medical advice for the maternity benefit is seems sufficient and needs no change. However, it is suggested that women employees should not be granted maternity benefit after the first child. This will lead to control population growth and family planning etc.
2. A wide publicity of family planning in order to promote small family norms and to maintain family welfare

activities among the beneficiaries, the employees should be provided a complete awareness of family planning.

Disablement Benefit

1. The present rate equivalent to about 70 per cent of the daily average wage of the insured person may be enhanced and subsequently the limit of incapacity which is 3 days excluding the date of accident should also be increased to at least 5 days.
2. Medical Board duly constituted for the Settlement of Permanent Partial disablement and Permanent Temporary disablement should adopt a simple procedure in connection with the commuted value of the benefit with in six months.
3. Ceiling limit for permanent partial disablement commuted value from the present value of Rs.1.50 per day should be enhanced to some higher amount than the present.
4. Final award of permanent disablement benefit where the total commuted value of the lumpsum permanent

disablement benefit does not exceed Rs.10,000/-(at present) should however be enhanced to higher amount.

Dependents' Benefit

1. The actual claimant of dependents' benefit should furnish a declaration at three months intervals and not at six monthly intervals, this may give a new turn to have a ready record after every short period of three months about all concerned informations of dependant of a deceased issued person.
2. It is suggested that provisions to provide facilities of free education upto class tenth to all children of a deceased person.
3. Settlement of claims should be finalized with in two months from the date the insured person expires.
4. A lumpsum reasonable amount as an immediate help deductible after final settlement of accounts to the deceased family to meet daily house hold expenses should be granted within a week from the date the insured person expires.

5. An adoption of simplification in the present procedure of Settlement and quick decision to disburse the amount of claim is needed.

Funeral Benefit

1. Immediate disbursement of funeral benefit to the family of a deceased insured person or the person who has actually incurred the expenses be made.
2. It is suggested that enhancement of funeral benefit from Rs.1500/- to Rs.2000/- and progressively to Rs.2500/- be made with immediate effect.
3. To hold condolence meeting at the work-place of a deceased insured person on humanitarian grounds and social need be made.

ESIS was a great beginning towards achieving what we promise our industrial labour force in yesteryears. The whole discussion in this thesis has made to clear that ESIS is one of the biggest schemes of social security in south East Asia. The ESI Act 1948 as amended from time to time provides a number of benefits to the industrial workers in India. The benefits are

provided to the employees of low-income group to the organised sector. The study has further revealed that the coverage of the aforesaid scheme is however, limited and does not apply to those industrial workers engaged presently on a monthly remuneration not exceeding Rs.6,500/- per month in a factory or establishment to which the ESI Act applies.

Social Security measures which are provided under the ESIS are the most effective instruments to equip the workers in particular and their families in general to fulfil their tasks in the most dignified ways. The effectiveness of the ESIS can be enhanced by developing industrial workers having desired motives and attitudes in regards to Socio-economic reforms.

Various programmes under ESIS have been a matter of active discussion both by the experts in the concerned fields and the committees appointed for the purpose from time to time. However, the working of the ESIC in skilful handling and Smooth functioning of the ESIS and tremendous achievements in the developmental programmes for the betterment of industrial workers has been recognised by the economists, social scientists and social reformers in the country. Profound

opportunities to the work force under the coverage of the scheme have shown a keen participation in the attainment of common goal of welfare state and economic reform in India.

In fact, the legislative measures of Social Security have paved the way to introduce the ESIS as a model guideline to advocate fair benefits to millions industrial workers and beneficiaries around the country. The foregoing study has indicated that the year 1952 raised hope for social security in India with the working of ESI Corporation on Social Security for our industrial workers.

In order to evaluate the working of ESIC this researcher compiled a number of tables to elicit increasing and decreasing trends of the workers covered under the scheme and compared different tables pertaining to indicate the working of the ESIC. From the data collected for the purpose it has been concluded that the ESIC has progressively expanded the series of benefits to the workers and also achieved gradual increasing trend in all its fields of operation. The study based on statistical data covering whole the country is made for the period from 1970 to 1998. The working of the Corporation

shows a progressive approach in almost all fields covered under the Scheme. The data analysed in chapter fourth reveals that the Corporation has been playing a dominant role in creating a welfare state in the country with the ultimate goal of Socio-economic advancement. It can therefore, be asserted that the performance of the ESIC has been Satisfactory.

The net impact on Social Security in India maintained comprehension, integration, absolution of employers' liabilities, industrial improvement, Standard of living and improvement in economic and managerial benefits. In order to tune-up further, the working of the ESIC for industrial workers conducive to generate Stable industrial harmony and economic growth.

India has taken lead in evolving ESIS in the country as a National Policy for industrial workers and their families have been included in the mainstream of beneficiaries. The question of workers other than organised sector still remains undiscussed and thus it needs a special consideration at first instance.

The Study has proved that ESIS has been a success in building up human settlement and raising industrial efficiency and growth. The Scheme has a social engineering to prepare workers healthy and free from any Socio-economic hardships and problems and makes them free from diseases through health care programmes and the benefits which are provided from womb to tomb to the industrial workers to a great extent.

The researcher has made the coverage, the gradual development of the ESIS in a most systematic manner and the working of the ESIC has been influenced in many ways, the social environment, the economic reform, the industrial harmony, the satisfaction over the Scheme, the welfare state and the political motivation to establish labour unions with regards to legislative measures and awareness and right of the workers etc. Though the technological advancement and the growing number of workers have resulted in mass human resources and development in India, the ESIS has been playing an important role in nation building and industrial peace with positive and effective steps in right perspective in the country.

From the foregoing discussion it may be concluded that if the above mentioned suggestions and proposals are implemented in their true spirit, a new era may emerge to attain all round prosperity and growth of India's Social security which will go a long way in achieving India's lost glory into the new millennium.

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